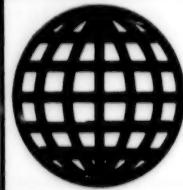


JPRS-SEA-92-020  
22 October 1992



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# ***JPRS Report***

## **East Asia**

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***Southeast Asia***

# East Asia

## Southeast Asia

JPRS-SEA-92-020

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**Minister Comments on Tin Smelting Plant**

92SE0380A Rangoon THE WORKING PEOPLE'S DAILY in English 25 Aug 92 pp 1, 6

[Text] Rangoon, 24 Aug—"Performance of the Tin Smelting Plant in Thanlyin is satisfactory though the Plant is not running full capacity; Mining Enterprises are employing every possible means to mine more metals and that it is targeted to refine more." Minister for Mines Vice-Admiral Maung Maung Khin said this during the inspection of the Tin Smelting Plant in Thanlyin this morning.

The Minister for Mines, accompanied by Deputy Ministers U Hlaing Win and U Myint Thein, Commander of Ayeyarwady Naval Region Command HQ Commodore Sein Lwin and officials of the Ministry of Mines, arrived at the Oil Refinery jetty at 9:30 am.

They were welcomed at the Jetty by Naval Training Depot Commander Capt Nyunt Thein (Navy), No 2 Mining Enterprise managing Director U Tin Win, Chairman of Hanthawady Township Zone Law and Order Restoration Council Cmdr Tin Win (Navy), Manager of the Tin smelting Plant and officials.

The Minister and party proceeded to the Plant. There they were reported on objectives for the construction of the Plant, working process of the Plant, measures taken in connection with by-products, difficulties encountered, the strength of the employees and agriculture and livestock breeding activities.

The Manager of the Plant then explained tin smelting process. The Minister fulfilled the needs of the Plant in coordination with the No 2 Mining Enterprise Managing Director. The Minister and party inspected various sections of the Plant and agriculture and livestock breeding activities of the Plant.

The Minister then met officials and employees of the Plant in the Hall. He called for concerted efforts to achieve success, to minimize loss and wastage, recycle waste materials, maintain machinery and equipment and stepping up agriculture and livestock breeding activities of the Plant. The Minister and party left the Plant in the afternoon.

**SLORC Discusses Agricultural Development**

92SE0380B Rangoon THE WORKING PEOPLE'S DAILY in English 26 Aug 92 pp 1, 6

[Text] Rangoon 25 Aug—Chairman of the State Law and Order Restoration Council [SLORC] Commander-in-Chief of Defense Services General Than Shwe met responsible personnel of the Ministries at the meeting hall of the Ministry of Defence at 1:00 pm today and gave instructions on agricultural development.

Present at the meeting were Members of the State Law and Order Restoration Council, The Secretary-1, the

Secretary-2, Ministers, the Chief Justice, the Attorney-General, senior officers of the Ministry of Defence, Deputy Ministers, the Directors-General and Managing Directors of departments and enterprises concerned with agricultural sector and officials concerned.

First, Secretary-2 Maj-Gen Tin Oo explained points on the meeting.

General Tan Shwe then delivered a speech. He said that paddy is the staple crop consumed daily by the people residing in the country. He stressed the need for boosting paddy yield so that there would be sufficient supply for public consumption. He also spoke of the need for boosting the crop yield in proportion to round about two-percent annual increase in the country's population. He said that there should be a specific target in boosting paddy yield and a general concept of high-yield would not be sufficient. Comprehensive measures should be taken to bring about a marked increase in paddy output by designating the crop as the national principal crop and accepting the task as a national duty. General Than Shwe then singled out four methods to be used to realize the objective, namely,

- (a) expansion of sown acreage,
- (b) introducing double-cropping,
- (c) paddy ratoon method,
- (d) application of high-yield techniques to realize per acre yield.

General Than Shwe said that the four methods were to be employed to fulfil the target. He said that the Myanma Agriculture Service, Irrigation Department, Agricultural Mechanization Department and Settlements and Land Records Department Under the Ministry of Agriculture were to work in cooperation and coordination in implementing tasks. The Ministries concerned were also to give all the assistance for producing the paddy according to the target, he said. General Than Shwe said that plants drawn were to be based on practical conditions in the field and they should be achievable. A business, he said, comprised two factors; one was office work and another field work. Field work was more vital, he said. It was the same to the agriculture work, he said. He then called for an efficient and effective field work.

He went on to say that adequate water supply is important for agriculture work and it is more important in double-cropping. More irrigation networks, lakes and streams were to be built in regions where conditions permitted, he said. He spoke of the need to build small-scale and medium-scale projects instead of large-scale ones in building such facilities. He warned against relying on foreign goods but urged to make use of domestic resources.

Through innovative means and stressed the need to complete the projects in a short period of time. He urged to avoid the method of working slowly while demanding

more. He underscored that cetana and diligence should be put to the fore to accomplish tasks.

General Than shwe stressed the need to ensure that output of other crops was not affected due to emphasis on paddy output according to plans. He also called for efforts to being about proportional development of the agricultural sector and other sectors.

Afterwards, Minister for Agriculture maj-Gen Myint Aung and Managing Director of Myanma Agriculture Service U Tin Hlaing reported arrangements made for boosting paddy yield.

General Than Shwe then gave further instructions. The meeting ended at 3:00 pm.

#### **More Rice Shops Opened in Rangoon**

Three more rice shops were opened in Rangoon this morning by Myanmar Naing-Ngam Rice Whole sale Traders Association.

Lanmadaw township rice shop was opened at No 520/522 of Strand Road, Tarmway township rice shop in the compound of distillery on Aungmingala Street and Panbedan township rice shop at No 540 Maha Bandoola Street.

The rice shops sell rice at prices lower than those of the private shops, it is learnt.

## POLITICAL

### Mechanism Needed To Implement NAM Decisions

92SE0367A Jakarta KOMPAS in Indonesian 2 Sep 92 pp 1, 13

[Text] Jakarta (KOMPAS) --President Suharto proposed that an effective support mechanism be created to ensure that decisions made at the NAM (Nonaligned Movement) summit conference are actually carried out instead of being merely decisions on paper. He also said the NAM should immediately form a high-level working group to formulate specific targets for the reformation and restructuring of the United Nations, because the role of that international organization is very important to the NAM. Suharto, who is to lead the 108 NAM member countries for the next three years, sees the need to seek a mechanism, procedure, and guideline for resolving conflicts among NAM members. The chief of state also said the NAM needs to improve the efficiency of its internal workings so that it can improve its external activities and effectiveness. He recommended improving South-South cooperation in the food sector and family planning and suggested that the indebtedness of the poorest of the developing countries be canceled.

President Suharto presented his recommendations Tuesday [1 September] in Jakarta when he as session chairman opened the 10th NAM summit conference. The summit conference is attended by representatives of 108 full member countries. The representatives include 31 chiefs of state, among whom are one king (Bhutan), two emirs (Kuwait and Bahrain), one sultan (Brunei Darussalam), 27 presidents, 21 prime ministers, and one supreme council chairman (Jordan).

### Improve Efficiency

In the opening ceremony, which proceeded calmly and peacefully, the president, who is a native of Kumusuk Village, Godean, Yogyakarta, and a much respected leader within the NAM, said there is a need to improve external activities and effectiveness. "We must, therefore, improve our internal efficiency. Long before the Belgrade summit conference (in 1989), we had begun to deal with this need, but there are still many things we must deal with. One of these things, which has the attention of all of us, is strife and conflict among ourselves. Clearly, we must deal seriously with this. Considering the great variety that marks our membership, such things are expected. We absolutely must prevent such strife and conflict from interfering with overall NAM unity and solidarity," the Indonesian president declared. He emphasized, "We increasingly feel the need of a mechanism, procedure, and guideline for resolving internal conflicts. I must stress, however, that such an effort must be consistent with the basic principles of our movement. To overcome differences, let us have fair dialogues and approaches and not take sides in disputes.

### Mechanism

President Suharto, who led the 10th NAM summit conference, also spotlighted the need to implement decisions made by the NAM summit conference on both South-South and North-South relations. South-South cooperation needs an effective support mechanism to ensure that South-South cooperation agreements are actually being carried out and followed up instead of being left as decisions merely on paper. "To facilitate South-South cooperation, some developing countries should agree to conduct some form of cooperation, which can be done without asking the approval of other countries, as long as other countries are not hurt," the president stated.

He said that NAM summit conference decisions on North-South issues are implemented by discussions that we hope will produce clear agreements and commitments on implementation, but such meetings take place only if the two parties consider them necessary and give them high priority. This requires effort by the developing countries to persuade the industrialized countries that these discussions are not just for the benefit of developing countries but have broad implications for the industrialized countries, too.

"In other words, a new consensus is needed on the importance of development in the developing countries. In short, this should be a consensus on new development, which will be a framework for important talks between North and South on many economic and social issues."

### Working Group

The president feels it is important that talks be conducted by agencies of the United Nations, which would make effective contributions on substantive issue. He also feels that there are important implications for steps toward reforming and restructuring the United Nations. For developing countries, it is important for the United Nations to maintain and even expand its role in handling economic issues. It is very important to developing countries that economic issues not be shifted from UN agencies.

The president noted that an effective United Nations is very important to the NAM. The United Nations is the only forum in which nonaligned countries participate in influencing global issues and the direction of international developments. The United Nations will continue to be the center of a new international order and the only mechanism for global government.

"We must therefore be more active in contributing to the revitalization, restructuring, and democratization of its functions. It is only through the United Nations that we can handle the various aspects of international security in an integrated way, including its increasingly important economic and social dimensions," the NAM

chairman said. He declared, "In this connection, I recommend that the movement immediately set up a high-level working group with the task of formulating specific suggestions for restructuring the United Nations. This working group will always need to communicate and coordinate with the UN secretary-general, the Non-aligned Caucus of the Security Council, and with other states and groups actively involved in this effort."

President Suharto declared that the NAM should actively involve itself in ensuring that basic human rights and fundamental liberties are improved and protected through principles of universality, indivisibility, impartiality, and fairness.

Development, protection, and liberty cannot be separated from the other basic human rights: civil, political, economic, social, cultural, individual, and societal. These are principles that must be accepted and seriously followed. There must not be a classification or emphasis that puts one right above the others. The principle of indivisibility also means that there must be a balance between individual and societal rights.

He said the main purpose of improving and protecting basic human rights, as expressed in the UN Charter, is to establish cooperation in heightening respect and protection for these rights. "The purpose is not the hurling of accusations, the forcing of inappropriate values, or, worse yet, the use of basic human rights as a political condition for economic and development cooperation."

#### **Recommendations**

The president recommended that NAM leaders improve South-South cooperation in the food sector. Some of the peoples of developing countries are undergoing extraordinary suffering because of lack of food production and supply. Others, however, have freed themselves from dependence on food imports.

Besides cooperation in production, cooperation is also important between food exporting countries and food importing nations. Cooperation is needed, too, in the management of food buffer stocks for dealing with emergency shortages. Long-term programs are needed to help increase food production on the Continent of Africa.

He also recommended more South-South cooperation in the population sector, especially family planning. In addition, he submitted a proposal for joint steps toward reducing the repayment burdens of foreign debts. The NAM needs to create facilities for careful study of methods for lightening those burdens, which originated with commercial loans, export credits, soft loans, and loans from multilateral financial organizations.

The president said he considers it necessary to seek comprehensive solutions so that recurring debt crises can be prevented. "It is appropriate that the poorest of the

developing countries be completely freed from the burden of debts incurred in the past," the president declared.

At another point in his speech, the president called attention to the unilateral conditions imposed by the industrialized countries when they make loans. Besides conditions on interest rates, loan periods, etc., the industrialized countries are expanding loan conditions to include issues of democracy, basic human rights, and amounts spent on defense, for which they use their own measure and understanding. "The NAM very much needs to take a clear position against these unilateral steps by the industrialized countries," the president said.

#### **Bosnia-Herzegovina**

The president emphasized the need to end the tragedy in Bosnia-Herzegovina. An effective and permanent settlement can be reached only by discussions based on principles of justice and toleration. The president said the UN Security Council should task the UN secretary-general with this and give him all the support and authority he needs. "He should be given opportunity to play an active role as a creator of peace instead of just a guardian of peace," the president declared.

#### **Private Meeting With UN Secretary-General**

Before the NAM summit conference was convened yesterday, President Suharto and UN Secretary-General Butrus Butrus-Ghali had a private talk, in which the secretary-general stressed, among other things, the resumption of communications between the NAM and the United Nations. He said the NAM has a role in the United Nations, and the NAM needs the United Nations. The president reiterated the importance of the NAM during the current changes in the international order.

Minister of State/State Secretary Murdiono told reporters last night that beginning today, Wednesday, the president will hold consecutive bilateral discussions at the JCC [Jakarta Convention Center] with 29 heads of state and government and chairmen of summit conference delegations. They will include Palestinian leader Yasir 'Arafat, Indian Prime Minister Narasimha Rao, Iranian President 'Ali Akbar Hashemi-Rafsanjani, Guatemalan President Jorge Serrano Elias, and Egyptian Foreign Minister 'Amr Muhammad Musa.

Murdiono strongly disputed the newspaper report that claimed the quality of this the 10th NAM conference was diminished by the absence of Libyan President Mu'ammar al-Qadhdhafi, Iraqi President Saddam Husayn, and Egyptian President Husni Mubarak. Murdiono said al-Qadhdhafi's absence was caused by the blockade of Libya and that Saddam Husayn and Mubarak were absent because their presence was needed at home.

Last night at about 2000 hours, PRC Foreign Minister Qian Qichen also made a courtesy call on Murdiono. When asked whether the PRC wants to join the NAM,

Murdiono said he had the impression that the PRC is being very careful in its position on the matter.

He was also to be interviewed for television by four Portuguese reporters now in Jakarta to attend the summit conference. Because his interpreter was not ready, however, Murdiono had to postpone the interview until today in order to attend a state reception for the summit conference delegations as honored guests. Nevertheless, he talked and joked with the reporters during their brief meeting.

The four Portuguese reporters were Rui Araujo and Godofre do Guedes from the Portuguese RTP-TV [expansion not given], Mascarenhas from the daily newspaper DIARIO NOTICIAS, and Pedro Adao from Rana-scena Catholic Radio.

During brief interviews with TVRI [Indonesian Television] during breaks in the conference sessions yesterday, Rui Araujo and Pedro Adao expressed their great pleasure at being in Indonesia while relations between Indonesia and Portugal are still frozen. They saw the Indonesian Government's decision to grant them permission to enter Indonesia as a positive action and hoped that because of this visit they can explain the true situation in Indonesia to their colleagues. They said they will be able to write more fairly about Indonesia.

#### Suharto on East Timor; Meets NAM Leaders

92SE0361A Jakarta ANGKATAN BERSENJATA  
in Indonesian 3 Sep 92 pp 1, 2

[Text] Jakarta (ANGKATAN BERSENJATA)—President Suharto stressed that Indonesian Foreign Minister Ali Alatas is ready to meet with the Portuguese foreign minister at the United Nations to discuss the East Timor issue without preconditions and to resolve the matter.

The president made this statement Wednesday [2 September] as he received UN Secretary-General Butrus Butrus-Ghali at his office at the Jakarta Convention Center.

Minister of State/State Secretary Murdiono confirmed to reporters last night that the UN secretary-general and President Suharto discussed the issue. The UN secretary-general hopes that the meeting of the two foreign ministers later this month will produce the results both parties want. Discussions on East Timor at the United Nations ceased some time ago.

President Suharto yesterday afternoon received visits by Pakistani Prime Minister Nawaz Sharif, Papua New Guinea Prime Minister Paias Wingti, Indian Prime Minister Narashima Rao, and Indian Deputy President Suriah Abdul Halim Kaddam.

According to Murdiono, the four leaders discussed the future of the NAM [Nonaligned Nations Movement], bilateral issues, and efforts to improve bilateral relations. They greatly look forward to the leadership of President

Suharto as chairman of the NAM and are confident that the president will be successful in leading the movement, particularly as it enters a new era.

The Indian prime minister emphasized that leadership is very important in view of the fact that the NAM has been losing prestige and direction.

President Suharto emphasized that it is important for each NAM member state which has become prosperous to help the weaker nations. He cited a project in one NAM member country in which certain parts of the project are being worked by NAM members with requisite skills, while other parts are handled by other countries. Industrialized countries are financing the project.

All of this will have multiple and beneficial effects for South-South cooperation and should be studied by experts in Indonesia and other developing countries.

The president told the Pakistani prime minister that he considers it necessary for NAM members to expand their cooperation in the dissemination of information, because not enough information has been given to poor and developing countries. Both of them recognized that the information problem is one of the weaknesses of the NAM.

The chief of state proposed to Papua New Guinea Prime Minister Paias Wingti that farmers from there serve as apprentices in Indonesia, saying that such a system would give them better results. On its part, Papua New Guinea sees a necessity for mutual understanding on problems.

India promised to keep helping Indonesia with its duties as NAM chairman. Rao said the important thing will be how results of the summit conference are applied in the field. The NAM has had 10 summit conferences, and concrete actions are needed.

In response, President Suharto stated that Indonesia will give attention to the views of all NAM members in the context of implementing summit conference decisions.

Indian Vice President A.H. Kaddam hoped Indonesia would understand that President Hafiz al-Assad could not attend the summit conference in Jakarta and that his absence, which is a result of special developments at home, does not mean lack of respect for Indonesia.

#### UN Assurance

The United Nations has assured that it will give full assistance to all decisions made in Jakarta at this the 10th NAM Summit Conference. UN Secretary-General Butrus Butrus-Ghali expressed this assurance to President Suharto Wednesday morning when he called on the NAM chairman at the Jakarta Convention Center.

"We are available to the NAM for the implementation of decisions made during the summit conference in Jakarta," Butrus Butrus-Ghali said. Minister of State/

State Secretary Murdiono was at the president's side during the UN secretary-general's visit.

The reason for this assurance is that the NAM and the United Nations need each other. However, Butrus Butrus-Ghali does not see the need for the movement to establish a permanent body of the secretariat, as some people want, to carry out decisions the NAM makes at the summit conference.

The minister of state/state secretary told reporters that the meeting of the chief of state and the UN secretary-general was conducted in a cordial atmosphere. The minister said the UN secretary-general has been very frank in expressing his views during the conference.

#### Satisfied

During these two days, summit conference participants have expressed their satisfaction with Indonesia's successful handling of its role as host. They are confident that Indonesia's leadership will bring a new status and a fresh climate to the NAM. Iranian President Ali Akbar Hashemi Rafsanjani said this yesterday when he called on President Suharto at his office at the Jakarta Convention Center.

"I agree with and fully support the president's statement as NAM chairman when he opened the summit conference yesterday," Rafsanjani said during the visit, as quoted by Foreign Minister Ali Alatas, who was with the president.

Iran urged Indonesia as NAM chairman to lead the way in approaches to the rapid and basic changes taking place in the world. He noted, however, that such adjustments should always be consistent with the movement's principles and objectives.

Foreign Minister Alatas told reporters that the exchange of ideas by President Suharto and the Iranian president covered a broad range of matters, including bilateral cooperation between the two countries. The president stressed that however small one's contribution to the movement it will be beneficial to the NAM and South-South cooperation.

Besides inviting the president to Iran, Rafsanjani also approved possible mutually beneficial cooperation in other sectors. He also agreed that oil prices and supply should be fair.

The two chiefs of state also took the opportunity to talk about matters still being discussed in the Political and Economic Committees. Iran apparently approved the final drafts of documents presented by Indonesia.

President Suharto also received a visit yesterday from Kenyan President Daniel T. Arap Moi and expressed to the Kenyan leader the importance of national stability. Without such stability, which is much needed for South-South cooperation, we waste our efforts.

Both Kenya and Bangladesh greatly hope that the Jakarta summit conference will produce concrete results for the sake of South-South cooperation.

Bangladeshi Prime Minister Begum Khaleda Zia, who also called on the chief of state, was offered the benefits of Indonesia's experience and progress in the area of family planning, in which the role of Muslim teachers is central. Indonesia also offered agricultural cooperation.

Replying to a reporter's question whether President Suharto discussed the issue of structural changes in the United Nations with Prime Minister Khaleda Zia, Minister Murdiono said the subject was not specifically mentioned.

"I think, however, that many NAM members feel the UN organization needs to be revised to suit present conditions. As everyone knows, the United Nations—its organization, structure, and procedures—were formed after World War II and were the results of the war. In this new era, when everyone is calling for adjustments, it is natural that the UN organization should be reviewed."

The president told the Bangladeshi prime minister of Indonesia's experience in managing repayment of foreign loans. Indonesia also has received big loans, but in the management of such loans it is important to emphasize soft loans, extended repayment periods, long grace periods, and low interest rates. Foreign loans should be used for projects that provide direct benefits to the public and drive development in other sectors.

#### GOLKAR, PPP Discuss State Policy Issues

92SE0377B Jakarta EDITOR in Indonesian 19 Sep 92  
p 35

[Article by Masduki Baidlawi: "Discussions Prior to General Assembly"]

[Text] The "star" and the "banyan tree" meet in one room. That is what happened Tuesday, 8 September, at the GOLKAR [Functional Group] DPP [Central Executive Council] office in Jakarta. This apparently was the first time the PPP [Development Unity Party] DPP under Ismail Hasan Metareum had come to GOLKAR headquarters. Was there an important matter?

Indeed. The two-hour meeting discussed an important issue: search for agreement between PPP and GOLKAR versions of the GBHN [Broad Outline of State Policy] and identification of any difference in principle between the two. That is what the leaders of the two sociopolitical organizations talked about.

"We need to make the MPR [People's Consultative Council] General Assembly a success and therefore need a meeting of minds," said Wahono, GOLKAR DPP general chairman. Ismail Hasan Metareum confirmed the statement. The MPR General Assembly is to take

place in March of next year. The MPR Working Committee usually discusses the GBHN several months before the assembly convenes.

The PPP was represented in the meeting by Ismail Hasan Metareum (general chairman), Matori A. Jalil (secretary-general), Hamzah Haz (chairman), Yusuf Syakir (deputy secretary-general), and Yudo Paripurno (chairman). Present from the ranks of GOLKAR were Wahono (general chairman), Rachmat Witoelar and A. Manihuruk (chairmen), Usman Hasan (deputy secretary-general), and H. Agus Tagor (chairman for mass media).

Initial thoughts were presented by the PPP, Yusuf Syakir said, and the GOLKAR leadership responded positively to them. For the PPP, he said, there were several reasons for the meeting. For example, this is the first time the sociopolitical organizations have been entrusted with drafting the GBHN. From the aspect of democracy, this is clearly progress. "It would not be funny, however, if one faction's system of discussion were different from the others. If that happened, the MPR General Assembly would be stalled," Yusuf said.

The second reason is efficiency of time. In other words, it is better to agree early on materials on which there is the same viewpoint, so that the assembly's time will not be wasted. This does not mean, however, that everything will be okayed by everyone. It is clear that there will be contradictions between the GBHN drafts of the two organizations. For example, the PPP is certain to demand elections that are more honest and fair, and they—along with the PDI [Indonesian Democratic Party]—fight for this in every MPR General Assembly.

GOLKAR, which feels comfortable with the election law as it is now, naturally takes a different point of view. There is no possibility that this could be discussed in a "peace meeting" between GOLKAR and the PPP, Yusuf Syakir said. The first meeting did not reach the detail level. "We were only at the exploratory stage, and it was satisfactory," declared Wahono.

What about the PDI? Wahono said there are hopes in that direction. He said GOLKAR wants to meet with all sides, including the PDI. "We all have the same status," he stated. In fact, the PDI camp itself is ready for a meeting. "We are simply waiting for the right time," said PDI DPP General Chairman Soerjadi.

### Separate Powers for Governors, Legislatures

92SE0377A Jakarta EDITOR in Indonesian 19 Sep 92  
pp 32, 33

[Article by Amir Santoso, executive director of LPPIS [expansion not given] of the FISIP [Sociology and Political Science Faculty] at the University of Indonesia, under the "News Analysis" rubric: "ABRI [Indonesian Armed Forces], GOLKAR [Functional Group], and the DPR [Parliament]" ]

[Text] It appears that in some provinces the honeymoon between ABRI [Indonesian Armed Forces] and GOLKAR [Functional Group] is ending, and there have been battles over the job of DPRD [regional legislature] chairman, despite consensus at the national level. If GOLKAR won by more than 50 percent in a province, the DPRD chairmanship is in GOLKAR hands. If GOLKAR won less than 50 percent, although naturally more than any other party, the chairmanship falls into ABRI hands. It turns out that consensus cannot be reached in those provinces. Although everything is resolved in the end, a question arises: How can this happen?

Politics may be observed from various aspects. There are some who feel that such violations of consensus occur because ABRI wants the DPRD chairmanships in order to counteract voices calling for fewer ABRI seats in the legislatures. As we know, some experts say that the number of ABRI seats in the DPR [Parliament] should be reduced. Therefore, the thinking goes, DPRD chairmanships should be in ABRI hands, for, once those strategic positions are controlled, there is no need to worry about numbers of seats. I question that line of thinking, however, because the number of ABRI seats is not going to be reduced during the next five years.

The issue may also be the impact of GOLKAR's old desire to take a position of self-sufficiency and ABRI's ambition to revise its political position and to stand above all parties. Therefore, each dares to say "no" to the objectives of the other. This is particularly true when such objectives are in agreement with the interests of the political elite in the central government. These interests are then accommodated by regional leaders. As far as we can learn from the mass media, the involvements of several governors, for example, in these disputes are related to their interest in the DPRD leadership in their provinces.

If this hypothesis is true, the legitimacy of central government officials has declined in the eyes of regional officials. In North Sumatra, for example, the governor has not complied with instructions received by telex from the GOLKAR central leadership. Although the governor as a bureaucrat is not directly subordinate to the central GOLKAR chairman, his position as regional GOLKAR supervisor places him organizationally under the GOLKAR chairman. There was at first a difference of opinion between the minister of home affairs and the governor of Central Java, but a consensus was reached when the minister "reconciled" his view to the governor's.

When a governor feels he has the authority to interfere with a directive made by the DPRD chairman, it is because of the integration of the executive and legislative functions of the regional government, in accordance with Law No. 5/1974. This integration of functions puts the DPRD always "under" the governor, because the governor is the sole regional authority. DPRD members, especially those of the FKP [GOLKAR Faction], then

feel themselves to be more the "subordinates" of the governor than representatives of the people. Because the governor had a role in their designation as legislative candidates, they feel indebted to him. Their indebtedness, then, is to the governor rather than to the people.

There are many people who do not want the DPRD to be a part of the "regional government," but there appears to be a concern that the DPRD would oppose the governor. In my opinion, such a fear is without basis, because the political resources of GOLKAR and ABRI are strong. This means that the possibility is not very great that the DPRD will become an opposition for the next 10 years, at least. Therefore, it would be good if the two institutions were separated, so that the DPRD could function as an "overseer" of the regional government led by the governor.

Executive interference with directives of the DPRD chairman also shows that our political system gives a higher position to the bureaucracy than to the people. The DPRD should be "a people's representative council," and the governor and his apparatus should function for the wishes and interests of the people. Ideally, therefore, the bureaucracy should not be able to interfere with the internal affairs of the DPRD, including the directives of its chairman. Under democratic theory, the DPRD should decide who fills the positions of governor, regent, and other executives. The executive apparatus should be subject to the will of the legislative institution, even including cases where those in executive leadership are no longer wanted.

Moreover, the cases mentioned above in connection with directives by DPRD chairman show that such directives can be issued and implemented through the interference of officials rather than through institutional procedures. This means that our country is still in the developing nation category. The difference between a modern country and a developing country lies in whether questions of state are normally resolved personally or through procedures.

In modern countries, almost all state issues are resolved institutionally. There is a series of regulations and procedures that are followed by all involved, whether political elite, bureaucracy, or the public. This, of course, does not mean that resolutions "under the table" do not occur. They are rare, however, for when they are discovered, they can be prosecuted as violations of the law.

In our country, the resolution of issues personally rather than through procedures often happens. We know the terms, "Everything can be arranged," "Resolution in a family-like way," and "Resolution by consensus." They all mean noncompliance with existing regulations. We are known to be people who are very flexible in applying regulations. Although, on the one hand, we can consider the home minister's "reconciliation of opinion" with the governor to be a wise action by the home minister for resolving the issue, we may also make a case that our country's institutionalization process is not complete.

Apart from these analyses, however, politics has many dimensions and encompasses many interests. The absence of solidarity between the ABRI faction and the FKP reflects the many mutually contradictory political interests that exist as the MPR [People's Consultative Council] General Assembly approaches.

The chairmanship of the provincial DPRD is an important position for determining composition of the regional representation in the next MPR. Along with the governor and PANGDAM [Commander of Military Region], the chairman of the provincial DPRD has a part in deciding who the regional delegates will be in the MPR. As the highest state institution, the MPR can change the political system. It can also change the composition of the political elite. Thus, the roles of its members become very important.

Therefore, a wise and careful policy is needed, not only for deciding regional delegates, but also for appointing the other MPR members. As I said before, retaining or changing the political order depends on the composition of the MPR. Therefore, we hope that the steps that have been taken by the governors and the home minister will be for the good of our entire nation.

## ECONOMIC

### Nonaligned Summit Discusses Poverty, Debt

92SE0376B Jakarta EDITOR in Indonesian 12 Sep 92  
pp 70, 71

[Article by Syatrya Utama: "Bridging Debt and Poverty"]

[Text] The debt problem is indeed complicated. The foreign exchange income of some developing countries is less than their debt installment payments.

Radius Prawiro said on Wednesday, 2 September, that there needs to be a forum of high officials and debt experts to deal with this. Radius Prawiro is coordinating minister for economics, finance, industry, and development control and chairman of the Indonesian Delegation on the Economic Committee of the NAM [Nonaligned Movement] summit conference in Jakarta. Radius told reporters at the Convention Center that the forum will give input and advice to countries finding it difficult to pay off debts. The total indebtedness of the developing nations has now reached \$1.4 trillion, or about 2,800 trillion rupiah.

The forum will negotiate with donor countries—usually developed countries like Japan, the United States, Britain, and France—to relax their debt repayment requirements. "This is a question of the solidarity of humanity. How can a country develop if its debt payments are bigger than its foreign exchange income?"

The formation of such a forum was apparently implied by President Suharto in his speech opening the 10th NAM summit conference on Tuesday, 1 September.

According to President Suharto, who is now the chairman of the NAM, efforts are needed to reduce the foreign debt burden. The NAM, he said, needs to create facilities for studying ways to lighten the burden of debts originating from commercial loans, export credits, soft loans, and loans from multilateral organizations.

Pak Harto [President Suharto] considers it necessary to arrive at a comprehensive solution in order to prevent repeated debt crises. "It is proper that the poorest of the developing countries should be freed of the burden of repaying debts from the past," the chief of state said.

The NAM should also establish a position on loan requirements set unilaterally by the developed countries. In the past, these requirements mostly reflected economic interests: interest rates, repayment periods, etc. Now, said Pak Harto, the developed countries also insert requirements on democracy and basic human rights—using their own measure of these things.

According to Malaysian Prime Minister Mahathir Mohamad, this is in spite of the fact that the actions of the developed countries are often contrary to basic human rights. For example, the protectionism of the developed countries causes developing countries to lose \$500 billion every year, which is equal to about one-third of their total indebtedness.

Because of this protectionism, the access of commodities from the developing countries to markets is reduced. Moreover, the prices of many commodities have collapsed. On the other hand, imports by the developing countries have exploded. As a result, more money goes out than comes in. "This is a poverty process and is contrary to basic human rights," Mahathir told chiefs of state and government at the summit conference.

This protectionism is even more obvious in the growing strength of regional groupings. The creation of the European Common Market and the North American Free Trade Agreement may limit the economic breathing space of the poor countries. Therefore, cooperation among the developing countries has become more important to the continuation of growth.

The South Commission reported in its book, *Challenges Facing the South* (1992), that since the economic confusion of the mid-1970's, which culminated in the international recession of 1980-83, many developing countries, often called the Southern Group, have continued to experience economic crises. On the other hand, the industrialized countries have recovered their health, although not to previous levels.

There are many reasons why the developing countries declined throughout the 1980's. Elements causing the decline of the Southern Group were the impact of the 1980-83 recession (which was accompanied by debt burdens, high interest rates, the fall of the U.S. dollar and the growing strength of the Japanese yen) and plummeting prices of oil and other commodities. Countries with large debt burdens suffered heavy blows.

The rapid growth of transnational companies and private international banks and the mounting debt of the developed countries have also contributed to the poverty of Southern countries, government adviser Prof. Widjojo Nitastro said in a KOMPAS-sponsored discussion recently. Of equal importance has been the shifting of international production from industries intensive in material and energy to those that are knowledge-intensive. Consequently, the competitiveness of products from the developing countries has become weaker.

Mahathir said cooperation among Southern countries, whose population is 3.5 billion, or three-fourths of the world's people, is therefore a must. Pak Harto recommended more cooperation in the food and family planning sectors.

Since debt and poverty are undeniably close neighbors, the important thing is how to integrate cooperation among the poor countries of the South for the common good.

#### Bank's Success Attributed to Military Strategy

92SE0376A Jakarta EDITOR in Indonesian 19 Sep 92  
pp 28, 29

[Article by T.B. Silalahi under the "News Analysis" rubric: "Military Management in Business"]

[Text] When the Eka Paksi Kartika Foundation (YKEP) took over Bank Propelat (now Bank Artha Graha), the bank was at the point of demise. It had assets of 8 billion rupiah, bad debts of 2.5 billion rupiah, and losses of 500 million rupiah; and Bank Indonesia was threatening to cancel its operating license.

Such conditions were not a big worry to YKEP, for at that time its competitors were few. (Before PAKTO 27 [Package of October 27], there were 63 banks, and Bank Propelat was second from the bottom.) When PAKTO 27 was issued, permitting licenses for new banks, YKEP panicked, knowing there could be disaster if the situation was not handled seriously. (There are now 174 banks and thousands of branches throughout Indonesia.)

At the first reorganization meeting, when the directors were replaced with professionals, the principal commissioner said, "My expertise is shooting, and you are banking experts. We will work using our respective skills." Having only just met me, most of the directors understood my words to mean the bank would be led in a harsh, military fashion and that whoever made a mistake would be "shot."

Strangely, the bank, which now has been operating for three years, has assets of 290 billion rupiah and profits of 2.5 billion rupiah and is healthy. On 4 September, it officially became a foreign exchange bank. What strategy was used in operating this bank?

Strategy means ways to use means to accomplish an end. Military strategy is simply a way to use our troops to

reach or capture a target. In principle, a company's strategy is the same. The means are the "four m's": manpower, machines, money, and material. A company's objective is profit, which some people think is different from a military objective. Even military strategy has the objective of seizing a target to gain benefit. Defeating an enemy without battle through indirect approaches ("strategy of the indirect approach"—Liddell Hart) is the supreme effect of strategy.

At the tactical level, every troop commander evaluates conditions before making decisions. This evaluation of conditions is a process of analyzing the conditions of his own troops in comparison with those of the enemy under existing battlefield and weather conditions. The results of that evaluation produce the way we take action to reach the objective or target. A company does the same thing before drawing up a "corporate strategy": It conducts a SWOT (strengths, weaknesses, opportunities, and threats) analysis.

In the case of Bank Artha Graha, the bank's forces were analyzed when PAKTO 27 was issued. The weaknesses included the facts that the old managers were not professionals, its capital was inadequate, its market share was too small, and its products were limited. Furthermore, the increasing competition threatened to reduce its market share. In that situation, the choice was internal consolidation (restructuring) in preparation for an offensive to find niches in the market ("niching tactic"), in other words to operate shrewdly in the gaps left by the banking giants.

YKEP used the same analytic process in overhauling Sempati Air and PT [Limited Company] ITCI. At first, Sempati Air was an unknown airline with only six F-27 aircraft, flights in remote locations, and losses for almost all of its life (20 years). The entrance of other stockholders was in the framework of a "joint task force" coming to a new "battleground." Sempati Air now has eight F-100's and six F-27's and flies busy routes serving Jakarta, Medan, Surabaya, Yogyakarta, and Singapore.

PT ITCI is a timber company owned by YKEP. Its HPH [forest exploitation concession] is among the best, prompting President Suharto to call it the "cream of the crop." Oddly, before 1986 the company only had losses and never provided any profits to YKEP. I do not need to say whether the company used military management. Since 1989, however, the company has contributed at least 10 billion rupiah per year to YKEP for the construction of military personnel housing.

Is the TNI-AD [Indonesian Army], in this case YKEP, only out for business? The TNI-AD has never forgotten its identity as a combat force. Two years ago, Army-owned PT ITCI received a certificate for the best forest management in Indonesia and is an example to others. Foreign guests—environmentalists as well as state guests such as the forestry ministers of Australia, Sweden,

Germany, Vietnam, and, the most recent, the PRC—have visited the area and praise the management of its forests.

In the seventh century, Japan extensively studied Sun Tzu's *The Art of War*, written in the fourth century BC. Japan not only used Sun Tzu's teachings and the philosophies of ancient China in their wars centuries ago, but also applied them to the business world after World War II.

We rarely hear about business intelligence, but recently it has been widely used by Japan and South Korea. For example, the Japanese Ministry of International Trade and Industry (MITI), the Japanese general trading companies (GTC's), and the Japan External Trade Organization (JETRO) have a worldwide intelligence network.

Ten years ago at a seminar in Seoul, South Korea, I was approached by a Korean very fluent in Indonesian. He asked if I would have dinner with a director of South Korea's Life Corporation. Because the company was a big contractor and had expanded to Malaysia and the United States, I accepted. At dinner I asked the director, whom I had just met, why he had invited me. He replied that they knew Indonesia's representative was a field grade officer under the assistant for planning to the KASAD [Army chief of staff] and that the TNI-AD was planning "prefab" construction in Indonesia provinces. I myself learned that such planning was under way only after I returned to Indonesia.

Japanese business defeated the United States in the industrial and trade sector through the teachings of Sun Tzu, who said business is the same as a battleground. Sun Tzu said, "Choose the battleground the enemy has neglected. Seize the field the enemy has not defended or where his defense is weak. Keep the field that the enemy will not attack or where there is no danger of attack."

For example, in the 1970's small cars like the Honda Civic, Corolla, and Subaru ruled world markets that the United States had neglected, including those in the United States itself. Ford then created the little Pinto. It was not competitive, however, because Japanese cars used less gasoline and were cheaper despite the Pinto's shorter life. We could cite many applications of the third "principle of war," which is maneuver and offense.

Before we try to apply military management to business, we probably should give attention to the basic things we have neglected, namely discipline, "sense of commitment," and professionalism. We should be concerned when we compare ourselves in these three matters with the small country that is our neighbor.

Compare our stewardesses with those of Singapore Airlines, the service of our five-star hotels with the Oriental Singapore, the customer service of our banks with Singapore banks, and so on. Perhaps we should first overhaul our performance in these three things. Japan may be far away, but Singapore is next door.

**Jakarta Plans Money Market Information System**  
*92SE0362B Jakarta SUARA KARYA in Indonesian  
31 Aug 92 pp 4, 11*

[Text] Jakarta (SUARA KARYA)—The money market in Indonesia will be more efficient and dynamic because of the Money Market Information Center (PIPU), managed by Bank Indonesia. The PIPU will provide money market information quickly, efficiently, effectively, and comprehensively for banks and nonbank users. The PIPU will also speed the realization of JIBOR ("Jakarta Interbank Offered Rates"), i.e., interest rates used among Jakarta banks.

In the initial phase, the PIPU will be tested by 20 banks for the two months from 1 October to 30 November. A PIPU testing seminar was held Saturday at the Bank Indonesia Building. The seminar was opened by Bank Indonesia Director Binhadi and was attended by PIPU users from banking circles.

According to Binhadi, the PIPU is an automatic system that will efficiently provide prompt, "real time," and comprehensive information to banks, Bank Indonesia, the government, and other subscribers. The need for the PIPU is urgent, because the money market in Indonesia has been expanding rapidly in recent years. The system also anticipates globalization, in which a good information system will be needed to give quality to Indonesia's money market.

The growth of the money market for both rupiah and foreign currencies has been gratifying, particularly since the PAKTO 88 [Package of October 1988]. This growth is related to the increasingly visible presence of banking since the PAKTO 88. At the end of 1988, there were only 89 banks, but by the end of June 1992 there were 214 banks. The number of bank branches grew from 3,753 to 5,501 during the same period.

Meanwhile, the volume of transactions on the money market has also expanded rapidly. At the end of 1988, money market transactions in rupiah were only 180 billion rupiah per day, but by the end of 1990 the daily volume had grown to 270 billion rupiah. The volume has now climbed to 435 billion rupiah per day. The volume on the foreign currency market, at \$2 billion per day, is even more impressive. Products on the foreign currency market are constantly undergoing diversification. "The development of our foreign currency market has been furthered by our unrestricted foreign exchange policy," Binhadi said.

One important objective of the PIPU is the creation of JIBOR, which will be like the rates that have developed overseas, such as LIBOR (in London) and SIBOR (in Singapore).

**Sanctions**

The PIPU system will produce output in the form of information on JIBOR, the interbank money market (PUAB), rupiah and foreign currency time deposits,

SBI/SBPU [Bank Indonesia certificates/money market certificates] auctions, secondary SBI/SBPU markets, certificates of deposit, commercial paper (CP), and clearing.

Subscribers to the PIPU will be suppliers of data, such as Bank Indonesia (Money and Capital Market Division and the Giro Transaction Traffic Division); banks; and secondary market brokers for SBI/SBPU, certificates of deposit, and CP. User subscribers will include government agencies, bank branches, domestic companies, universities, individuals in Indonesia and abroad, and the mass media.

PIPU users will pay fees. Fees for member banks will be according to their assets. Banks with assets of more than 500 billion rupiah will pay full fees, and banks with less assets will receive discounts.

After the two months of testing, there will be an evaluation of improvements needed for the system. "Therefore, we strongly urge all of you to make suggestions," Binhadi said.

Data suppliers are responsible for sending accurate data promptly. Bank Indonesia will impose administrative sanctions (warnings) or financial sanctions on data suppliers who violate the rules or fail to fulfill their responsibilities. Bank Indonesia will monitor the accuracy and timeliness of input and the speed of the PIPU.

**Finance Minister Urges Lower Interest Rates**

*92SE0366A Jakarta KOMPAS in Indonesian 31 Aug 92  
pp 1, 5*

[Text] Jakarta (KOMPAS)—Minister of Finance Sumarlin hopes banks can reduce interest rates to 18-21 percent by the end of this year.

"That rate will not be ideal, of course. We must be careful lest lower loan interest rates, which have to be preceded by lower time deposit interest rates, cause capital flight (the flight of funds overseas)," the minister of finance said in reply to a question from KOMPAS aboard a Pelita Air Service chartered flight from Solo to Jakarta late last week.

A banking source said it will be difficult to reduce loan interest rates to 18-21 percent, and such efforts must be undertaken carefully and gradually. Besides the question of compensation for the "cost of money" caused by the high interest on time deposits over the last several years, private bankers must also prevent capital flight, which would occur if there is a great difference between national and foreign interest rates on time deposits. In separate interviews, the reduction of loan interest rates was addressed by Philip Widjaya, director of commercial affairs, investments, and preferred banking for Bank Bali, and Iwan Prawiranata, principal director of the Indonesian People's Bank (BRI).

**Not Easy**

Minister of Finance Sumarlin admitted that it is not easy to reduce loan interest rates. "Each bank must naturally take into consideration the 'cost of money' it has paid because of high rates on deposits. They must also be careful not to reduce interest rates on deposits to the point that many depositors will flee to competing banks."

Furthermore, after banks have lowered rates on deposits, they cannot immediately reduce their loan rates. There is a delay related to the "cost of money" and national monetary stability.

Sumarlin said the private business community needs to get immediate help by relaxation of the tight money policy, but such a relaxation of policy must not be permitted to have a negative impact, such as capital flight or the inflation that results from unselective granting of bank credits.

Meanwhile, Bank Bali, a private domestic foreign exchange bank, is reducing its loan interest rate by 1-2 percent to 23-25 percent per annum, effective 1 September. Some government banks, too, have quietly reduced their credit interest rates.

Philip Widjaya said Bank Bali decided to reduce its loan rates as of 1 September.

"The annual interest rate on credit for working capital is being reduced from 25 to 23 percent, and interest on overdraft loans (personal loans on which the limit may be increased at any time) is being reduced from 26 to 25 percent," he said.

**Excess Funds**

Bank Bali's readiness to do this, Philip said, was because the bank a long while ago had lowered its interest on one-month time deposits to 17 percent and on three-to-12-month deposits to 18 percent. It reduced interest on all U.S. dollar deposits to 6.5 percent. In spite of that, banks like Bank Bali are still "overliquid." Bank Indonesia itself has reduced the interest on its Bank Indonesia Certificate (SBI). Consequently, any bank insisting on putting its funds in Bank Indonesia through SBI's will be hurting itself.

According to the Bank Bali director, such excess funds will be a burden to those banks, for the last year and a half has been enough time for them to consolidate the granting of loans. Bank Bali has successfully passed through several consolidation phases for meeting capital adequacy ratio (CAR) requirements and for achieving a realization of 27 percent on KUK's (small business credits).

"Of course, this loan interest reduction will not cause us to be snared into issuing credit extravagantly the way it was done by private banks three years ago. We also have tight requirements, such as a debt-equity ratio (DER) of 40:60," he said.

Some private domestic banks have reduced their loan interest rates. Bank Niaga lowered its housing credit rate from 26 to 24.5 percent annually. That is still a high interest rate, particularly if we consider the various types of credit needed by the business community.

BRI Principal Director Iwan Prawiranata, whom KOMPAS interviewed in Pati, said he welcomes efforts to reduce loan interest rates. "We (i.e., government banks) have been doing it for several months. For example, some of Exim Bank's loan interest rates have been reduced to 23 percent," said the former Exim Bank principal director.

Many members of the community are not aware of this, Iwan said, because there is no requirement that reductions in loan interest rates be announced publicly. It is clear, however, that the policies of government banks are consistent with their mission as state banks.

**Status of Batam Development**

*92SE0362A Jakarta ANGKATAN BERSENJATA  
in Indonesian 31 Aug 92 p 2*

[Text] Batam (ANGKATAN BERSENJATA)—Minister of Research and Technology Habibie pictures the growth and development of the Batam Island Industrial Area as a rapidly expanding "Indonesian economic balloon." This has been made possible by the harmonious SIJORI [Singapore, Johor, and Riau] Golden Triangle partnership.

The Pulau Batam Industrial Area is being prepared as another way to take advantage of the economic winds from Singapore, Drs. Ishak Tumiran, chief of Public Relations and Promotion for the Batam Authority Executive Unit, told ANGKATAN BERSENJATA in his office last Tuesday [25 August].

Ishak said it is not true, as some people think, that Pulau Batam development is moving slowly, for current growth corresponds with the accepted master plan.

Figures on development of the Pulau Batam Industrial Area are according to those of the master plan. Batam Island is divided into four development districts. Siku-pang, with an area of 11,532 hectares, is designated for industry, housing, tourism, fisheries, animal husbandry, estate agriculture, shopping, and offices. The Batu Ampar area is for industrial development, offices, shopping, and housing. The East Coast is for industry, tourism, and housing; and the 2,567-hectare Batam Center Special Area is intended only for industry and as a government, trade, commercial, and housing center.

According to Ishak Tumiran, Batam Island, which has an area of 425 square kilometers, had a population of only 6,000 in 1973, when it began to be promoted as a place for economic and industrial growth; but its population has now reached 107,564. "It is projected that by 2005,

Batam will have grown to the skies and will have a population of 700,000," Ishak told an ANGKATAN BERSENJATA reporter.

By December 1991, there were 23,237 workers, consisting of 16,565 men and 6,672 women. At this point in 1992, the number of women has reached 9,000, most of whom work in the electronics industry sector.

As a tourism center and gateway for foreign visitors, Batam had recorded the arrival of 606,251 foreign tourists by December 1991.

Hang Nadin Airport, which is now in its third development phase, has seen the arrival of 210,000 people on 8,003 flights. By next year, it is expected that wide-bodied planes will be able to land at the airport.

In reply to an ANGKATAN BERSENJATA question about Batam's seaports, Tumiran said that as of December 1991, 54,341 ships of various sizes had called at Kabil, Batu Ampar, and Sekupang. Foreign ships of 5,000 deadweight tons will later be able to visit Kabil and Batu Ampar, and the Sekupang port will handle ships of 15,000 deadweight tons.

#### Industries

There are now 36 industrial plants in Batam, most of which produce electronics. Although several years ago the work force was dominated by skilled foreign workers, the plants now employ 1,500 skilled Indonesian workers.

Another of the Batam Authority's achievements is the development of electric power facilities, which now have an installed capacity of 25 megawatts and are to be expanded to 100 megawatts under a short-term plan. Medium- and long-term plans will provide capacities of 200 and 300 megawatts.

Drinking water facilities, which have been cited as an obstacle to potential investors, now have six reservoirs and a capacity of 850 liters per second. Planned capacity is 3,850 liters per second.

The Batam Authority is also prepared to welcome investors with 1,655 rooms in 27 good hotels, and 19 government and private banks are ready to help domestic private business. There are 674 taxis and other transportation facilities to support the mobility of the community.

Batam's contribution to taxes and the government's foreign exchange revenues has reached \$26.7 billion. This amount is a sharp increase over the 1986 figure of only \$6.5 billion. As of December 1991, the area's exports had reached \$210.3 billion. In 1986, exports totaled only \$20.9 billion.

Total investment in Batam Island by December 1991 had reached \$3.6 billion, consisting of \$628,72218 [as published] million in government investments and more than \$2652,018.9 [as published] million in private investments.

To make Batam Island a modern industrial center and a "Habibie balloon," there are already 100 companies hurrying to take off to welcome the second long-term development era, which is better known as the second national revival.

Closing his statements, Drs. Ishak Tumiran said that there have been many hurdles and stumbling blocks, including a rapid population growth that has exceeded available jobs.

For that reason, some Jakarta newspapers have published inaccurate, and even tendentious, reports. He promised, however, to improve performance in the field even more.

**Inferiority to SRV Workers, Contracts Noted**92SE0365A *Vientiane PASASON* in Lao 21 Aug 92 p 2

[Article by Leut Saisana]

[Text] As our economic relations were expanded with other countries, in addition to seeing investment in hotel services and garment-making for export etc., we also saw foreign construction workers, especially Vietnamese, coming to earn a living in our country. In the world today it is normal for workers from one country to be earning a living in another country. In comparison with Thailand, Vietnam has exported much less labor abroad.

This construction is a kind of service to society, and therefore those with the funds have the right to select what they want and the services they prefer. This is a rule of the market system. And so the presence of Vietnamese construction workers in our country is something in which society is interested.

In Vientiane it has been demonstrated that Vietnamese construction workers were skilled, quick and technically proficient. In particular their labor costs were lower than the workers in Lao construction companies. These were the opinions of most people whom I interviewed. There was a general concern that if Lao construction workers did not improve their skills, labor costs and honesty, they might disappear entirely because this is an age of the market economy, and every service in the economy must compete under the rules of the nation.

The Vietnamese construction workers came here after they had been hired by a Lao construction company and a strict contract had been signed between a Lao construction company and the Vietnamese company supplying labor. In order to understand this, I met with Mr. Nguyen Huu Xieng, the head of the team of representatives of the company supplying labor and economic development from Quang Nam-Danang Province in the SRV. The office of these representatives was in the Hong Thong gas station in front of the Ban Fai Temple on Dong Palan Street. He said that there were presently about 400 workers who were employed in the Vientiane Municipality, Vientiane Province, Bolikhamsai Province, Savannakhet Province and Champassak Province. Of these some had already worked abroad. They were employed in many branches of construction. For example they were employed as carpenters, masons, and sculptors. Each had the right to stay in Laos for six months to a year and were subject to all Lao laws. They maintained normal contact with the economic attache of the Vietnamese Embassy in Laos.

This employment in Laos is done through Lao construction companies which have bid on construction projects and are only paid for work completed. The Lao companies are in charge of the projects and technical inspections and also pay taxes to the government.

The Quang Nam-Danang Province company for supplying labor had received permission from the government of the SRV to send labor to other countries. It had paid its obligations to the state in the past and had been praised many times. With respect to working in Laos, the representative said that there was a continuous need for their work but that he did not want to continue this kind of employment. He wanted to bid on his own and build on his own, and in this regard he could guarantee technical standards because he had been to many countries. As for the nature of his employment in the future he wanted to change to a joint investment and set up a construction business with a construction company of the Lao Government under the Lao investment laws because this arrangement would be more efficient than the present one. He felt that this would increase the income of the Lao Government's construction activities. This was just an opinion and not in any way a recommendation for a course of action, and even if the arrangement were changed, the Vietnamese workers would still be able to work in Laos. Before I left that day, the representative took me to a site where workers were building a house in the vicinity of the morning market and Ban Phonsavan Village (the section of the foreign Vietnamese). The owner of the house which was being built said that the labor was not expensive. It was very cost effective.

**Enemy Operations on Cambodian Border**92SE0365B *Vientiane PASASON* in Lao 21 Jul 92 p 3

[Excerpts] Sanamsai District is located on the Lao-Cambodian border. It is part of Attopeu Province and is made up of five administrative areas. It includes more than 40 villages and has a population of more than 18,000. [passage omitted]

Because it borders another country this district has problems with smuggling, and sometimes operations by sinister parties create unrest in the localities. Therefore in addition to encouraging the guerrilla forces to conduct public security operations in the localities and to defend the border and help the military forces in blocking the infiltration of sinister parties, the district administration has also made an effort to improve order in the localities and in particular to bring the barter and trade of the people in line with the law. Now because of the coordination between the administration and the guerrillas, there have been operations to make the situation peaceful on a broad basis. [passage omitted]

**Trade, Industry Chamber on Investment Problems**92SE0365E *Vientiane PASASON* in Lao 4 Aug 92 p 2

[Excerpts] The 1991-1992 annual meeting of the National Trade and Industry Chamber lasted two days (from 30 July until 31 July 1992). Its purpose was to assemble businessmen, who were generally members of the chamber, representatives of local chambers and representatives from related ministries in order to bring

up various problems related to the trade system and investment for discussion. [passage omitted]

At this meeting Mr. Khammaphomkong, the chairman of the National Chamber of Trade and Industry, summarized trade activities for the last year and pointed out the strengths and weaknesses in trade of the businessmen, the effectiveness of chamber members and the organizational problems of local chambers. This meeting gave members the opportunity to express their views openly. Many pointed out problems related to their branches of business and to various other branches. With regard to exporting, chamber members generally recommended that the chamber and the government help in finding markets, in solving problems with countries which traded with each other, in penetrating markets for our exports and in improving procedures to make it easier to export. This was intended to allow these branches to conduct business more conveniently than in the past especially with regard to import tariffs for our goods purchased abroad.

In regard to imports the members generally recommended that the government study the regulations concerning import duties again. They wanted import duties to be reduced so that smuggling would be reduced because the smuggling had a negative effect on those who were operating legally. In addition the problem of the monopolies of the import companies was raised in the meeting. Some members recommended that the government study reforming and reducing the bottlenecks caused by red tape. The many levels of documents required wasted time and money.

In order to attract foreign investors, some members recommended that the government consider making the procedures more convenient for investment and more in agreement in order to make goods produced here competitive in international markets. The permission for investment should set the scope and level of investment in order to avoid the problem of insufficient investment which becomes a mask to obtain export quotas. In addition some members pointed out that investment in some areas would pave the way for other investment which would serve as an industrial base. For example investment in clothing production, if it were great enough, would help reduce the problem of unemployment and would bring about investment in the textile industry and the paper industry...which provide the materials for clothing production. At the same time some members thought that investments of these kinds would cause water pollution in the Vientiane Municipality, and they wanted investment to be expanded in other provinces. But in this regard investors were generally concerned that the transportation and communications were still not adequate for them. In addition assembling the documents for importing or exporting were still a big problem.

Another problem was transportation. Members generally indicated that the services of the "TL" company were slow and its rates were very high. They did not want the

"TL" company to have a monopoly. So officials noted the views about the shortcomings in the past and stressed that they were ready to hold a meeting to listen to the ideas of the businessmen in order to make improvements.

As for the issuing of certificates indicating the source of goods, the members recommended that the chamber restudy this issue because in the past there had been problems with some companies, especially those in clothing production, using the certificates incorrectly. These companies were not providing clothing produced in Laos for export. This directly affected those exporting and the trust of the customers. In the past some countries had stopped importing clothing not produced in Laos. The chamber officials agreed to restudy this issue, and those who took advantage of the certificates may be fined. In addition an association of clothing producers will be set up to avoid such errors. In addition some members recommended that an export association or production group be set up especially for agricultural producers. This would include a revival of the agricultural group and the establishment of production groups for various branches in order to encourage steady improvements in agricultural exports.

In addition there were the problems of creating the cadres to support the investment and giving businessmen the right to enter and leave the country etc. It was interesting that this meeting did not raise the issue of protection for domestic producers especially for various government enterprises and Lao technology. In the past many domestic factories and enterprises lost markets to foreign goods until they were no longer able to continue. In addition they were criticized for not being able to run a business. But some businessmen presented the view that the protection should be accompanied by improvements in quality and price. If domestic goods were of good quality and inexpensive, they should be protected. The representatives who took part in the meeting recommended that in order for the chamber members to be effective, their chairman should be experienced in running a business and should be elected so that he could help the members run their businesses more effectively.

#### MADC Chief Reviews Achievements

92SE0365C Vientiane PASASON in Lao 4 Aug 92  
pp 1, 3

[Text] A meeting of the Mountain Area Development Corporation [MADC] was officially opened in the morning of 1 August 1992 in the development area at kilometer marker 20 of Bolikhamsai Province to review past operations and decide on a direction for future years.

Mr. Cheng Sai-gnavong, the director of MADC, summarized and evaluated the business operations and the economic and social development of the past seven years (1985 to 1992), and he pointed out the accomplishments

in every area of past operations. He also pointed out the weaknesses and bottlenecks and the many outstanding lessons learned.

Mr. Cheng Sai-gnavong pointed out that in order to carry out the political duties of the party and to conduct business and develop the economy and society in the future, they would work to improve the organization of the corporation according to the new directions in all areas of our party and state.

Dr. Maidom Chanthanasin, the deputy director, presented the direction of future plans, the plan for 1993 and the plans to 1995 of MADC. These included many tasks which would have to be carried out such as conducting the business, developing the economy and society, traveling to the sea through the SRV and building the political grassroots in the countryside so that they were rich and strong.

In addition the meeting listened to the views of many ministries affiliated with the governments of the administrative committees of Bolikhamsai Province and Khammouan Province and to the business reports of the principle business units which were affiliated with and cooperated with [MADC].

This meeting will last for four days and will end on schedule.

#### **'Imperialist Subversion', Operations in Province**

92SE0365D Vientiane PASASON in Lao 4 Aug 92 p 3

[Excerpt] [passage omitted] Even though the imperialist invaders and their lackeys have suffered painful and disgraceful defeats for a long time, nevertheless they are still causing trouble in the distant countryside in order to carry out their schemes of slandering the new system and breaking the solidarity among the multiethnic people. This has hurt the administration's image and caused disorder in some locations. Be that as it may, the people of Xieng Khouang, who received a painful lesson from the war, did not want history to repeat itself. They were always very resolute in their participation in the front lines of security and were always prepared to defend their native land. In the past year they not only strove to develop their localities, build their economy and improve their living standard, but they also voluntarily took part directly in public security activities. They became members of guerrilla units and self-defense units. They became the ears and eyes of the administration. They kept track of every movement of enemy groups and reported promptly to upper echelons. In addition because they saw clearly the importance of making the armed forces strong, they mobilized their children to fulfill their obligation to the nation. In particular last year more than 600 did so.

In order to make public security strong, the military commander of the province had cadres go down to build the grassroots and help improve the organization from the upper echelons down to the grassroots, lead the

peacekeeping operations of the guerrilla forces and improve the living standard of the multiethnic people by bringing the people in the mountains who still continued dry-field farming down to the plains where a fixed means of making a living could be arranged for them. In addition the cadres propagandized among the people to bring them to have faith in the policies of the party and state, and they worked to improve the level of peace at the grassroots level and conducted sweeps to steadily eliminate enemy groups. This helped people conduct their lives and helped agricultural production. In summary there is a pervasive peace throughout Xieng Khouang Province now. [passage omitted]

#### **Airline International Service, Operations**

92SE0373A Vientiane PASASON in Lao 22 Aug 92 p 2

#### **[Article by Sai Khong**

[Text] Lao International Airways is improving its business administration by changing the chairman of its board of directors, by changing a number of members of the board of directors, by acquiring aircraft appropriate for its business and by opening new, long-distance routes in the region.

The LPDR [Lao People's Democratic Republic] Government gave the airline the right to represent itself in signing contracts and gave the right to invest and all the rights for foreign routes to the Denchang Import-Export Company, which was to invest in foreign routes under the contract of 28 November 1990. This contract was for 20 years and could be extended another 10 years according to investment permission No. 104/LTh granted on 17 December 1990, which was permitted by the investment law of the LPDR.

In response to the trust placed in it by the LPDR Government, the Denchang Import-Export Company took on modern aircraft and an appropriate amount of investment and made its first flight on the route from Vientiane to Bangkok to Vientiane on 16 July 1991. After that those investing in Laos carried on with the routes which the LPDR already had: Vientiane to Bangkok to Vientiane, Vientiane to Hanoi to Vientiane, and Vientiane to Phnom Penh to Vientiane. And they resumed the route from Vientiane to Ho Chi Minh City to Vientiane which had been given up temporarily because of a lack of passengers and freight.

With regard to other routes, those investing in Laos received permission from the Lao Government through the Civil Aviation Department of the Ministry of Transportation, Posts, and Construction to open two new routes: Vientiane to Kunming to Kuang-chou to Kunming to Vientiane, which at present is only permitted for Southern China Airways; and Vientiane to Chiang Mai to Vientiane, which Thailand alone was permitted to fly in the past but which they only flew twice and then had to halt the flights temporarily in order to wait for certain arrangements to be allowed. It is expected that the Lao

Government will consider allowing these arrangements for the route in the near future.

The expansion of routes and the renewal of the rights for routes between Laos and various other countries were pursued vigorously with the permission and the cooperation of the LPDR Government acting through the aviation department. At present Lao International Airways is preparing to open new routes: Vientiane to Singapore to Vientiane, Vientiane to Kuala Lumpur to Vientiane, Vientiane to Hong Kong to Vientiane and Vientiane to Taiwan to Vientiane. Of these the Vientiane to Singapore route and the Vientiane to Kuala Lumpur route have been agreed to by the governments of Laos, Singapore, and Malaysia. The airline, which was appointed by the governments of the three countries, is preparing business and technical information. It is expected that it will soon make these routes a reality.

Lao International Airways has had many difficulties. For example the market for flights in Laos still keeps flying time low, the airline is not able to utilize the efficiency of its aircraft, there are few passengers, and in the first year of its 20 year investment contract it has had to increase its tools and equipment, and this has required a great deal of investment. For example it needed tools for servicing on the ground. And the investment has still not reached the 3 million dollars specified in the contract.

But Lao International Airways has gotten through its various difficulties. It has not been stopped by insufficient investment and insufficient aircraft and has been able to make the flights of the Lao National Airline to other countries normally. The lack of funds each month was just the result of the lack of initial investment in the first year the project.

The airline has also had many inherent difficulties. For example the foreign investors still do not sufficiently understand the laws and methods of the LPDR. The administration is not smooth. The cooperation between the investors who came to Laos and the Lao investors is still not good. But it is thought that these difficulties can

be overcome in the near future because the intentions of those who came to invest in Laos and the Lao investors as well as the Lao Government are the same: primarily to expand and develop the airline so that it generates enough income to support itself and gradually reaches the point where it makes a profit while requiring little investment.

In order to correct this situation and solve these problems, the Lao investors and those who came to invest in Laos took the following steps with regard to the administrative problems:

-They held a meeting of the board of directors in Hong Kong in July 1992 to improve the administration, to replace the chairman of the board of directors of Lao International Airlines, and to replace some members of the board of directors and some administrators.

In another area the LPDR Government, the Denchang Import-Export Company Limited, and the CTAS Company of Hong Kong took steps to improve cooperation so that the airline would be more efficient. Their important goals were to:

-Increase investment to an appropriate level.

-Increase the number of aircraft so that there were sufficient spares.

-Increase flights and increase routes to many nearby countries. This would include short, mid-range and long flights in the region and to other areas of the world.

-Correct market problems by recognizing the connection between demand and service to airline passengers.

-Improve and delegate administrative responsibility on the basis of cooperation and clear principles.

The situation is now improving. There are many passengers on the various routes, and a great deal of freight is carried. These are market developments which give those investing in Laos confidence.

**Foreign Exchange, Liberalization by Government**  
*92SE0345A Manila BALITA in Tagalog 14 Aug 92 p 4*

[Text] The liberalization of foreign exchange regulations, set to take effect on 1 September, is a positive action which pleased the business community in the Philippines and in other countries.

Since the establishment of the Central Bank in 1949, with the exception of a short period under the Macapagal administration, the buying and selling of foreign exchange has been the subject of controls and regulations.

For most of that time, the peso has been overvalued, which had the effect of curtailing exports while encouraging acquisitions and borrowings from abroad. It is the contention of the economists that had the floating peso been maintained over those years, our export industries would have become more competitive, the heavy burden of foreign debt would have been lessened, and the cost of our dependence on fossil fuel would have been greatly reduced.

The current undertaking to liberalize foreign exchange, together with trade liberalization, privatization of public enterprises (a policy to encourage foreign investment) and better management of the treasury should help in improving the economy.

The authorities did a very careful study of the various implications of this liberalization policy before taking action. Furthermore, there are other government policies already in effect that could influence the behavior of the peso.

Credit, for instance, could be tightened to prevent speculation against the peso. More directly, large capital remittances are already controlled by a prior Central Bank directive and local banks must comply with ceilings pertaining to foreign exchange holding.

The liberalization policy requires the timely response by Philippine businesses to changes in the international scene. Fluctuations in international demand for our export products will be anticipated by our export industries. By the same token, changes in the prices of our imports (such as oil, raw materials, and machinery) affecting our importers and consuming public can be better dealt with.

The overall result should be a larger spread between our foreign exchange receipts and payments and the correction of structural defects in our economic system brought about by decades of having an overvalued currency.

We congratulate our monetary authorities and officials and, in particular, Senior Deputy Governor Gabriel C. Singson, who implemented the deregulation of restrictions on foreign exchange.

**Support for Press Freedom Assured**

*92SE0345C Manila BALITA in Tagalog 14 Aug 92 pp 1, 2*

[Text] President Ramos promised yesterday to maintain freedom of the press and gave assurances to protect the rights of journalists in the performance of their profession.

The president told officials of the National Press Club [NPC], under the leadership of NPC President Marcelo S. Lagmay, that it is the policy of his administration to give journalists free access to information from all levels of government, including his office. The president expressed grave concern over the number of journalists slain over the last several days.

Lagmay advised the president that 12 journalists were slain around the country over the last year.

The president stated that a memorandum of agreement with the NPC which he signed when he was still the secretary of defense shall remain in force. This agreement provides for the protection of the rights of all journalists.

"This government respects and guarantees a free and unrestrained use of the freedom of the press and will fight to maintain this freedom against those who will seek to suppress it through abusive and oppressive methods," he said. With this, the president approved a Lagmay request to declare 30 August 1992 to 30 August 1993 as "The Year of Journalism in the Service of the Nation."

30 August is the birthday of a national hero, Marcelo H. del Pilar, who led the propaganda movement before the Philippine revolution of 1898. Del Pilar was the editor of the LA SOLIDARIDAD, the national newspaper of the Filipino rebels.

Under the proclamation, the NPC is given the right to raise funds within a one year period to erect a monument of Marcelo del Pilar at the NPC compound in Intramuros, Manila. The President is the honorary chairman of the fund-raising campaign.

**Government Tax Evaders Prevalent**

*92SE0345B Manila BALITA in Tagalog 10 Aug 92 pp 1, 2*

[Article by Bert de Guzman]

[Text] House Speaker Jose de Venecia stated yesterday that there is a prevalence of tax evaders in the country that include high-profile politicians and wealthy businessmen.

According to de Venecia, of 64 million Filipinos, only about 2 million file their income tax returns while on 720,000 filers actually pay taxes. He stated that this

non-payment of taxes is so widespread because government does not have the political will to enforce its tax laws and go after tax evaders.

De Venecia warned about a growing public clamor that higher taxes be levied on the rich who are deemed to be the cause of "breaking the camel's back" (the economy) and he did not want to see the rich penalized who actually pay their taxes and obligations to the government.

"It should not be surprising why the Philippines has been labeled the 'sick man of Asia,'" de Venecia said about the non-payment of taxes by a majority of Filipinos. Because of this, he initiated a press campaign to discuss, debate, and enforce the tax reform measures of President

Fidel V. Ramos that could generate enough income for the government to finance worthy programs.

In other developments:

1. De Venecia called on all members of the press to help in the peace initiatives President Ramos is working hard to achieve that will quell the armed rebellion around the country.
2. Representative Edcel Lagman of Albay is calling for the unconditional reinstatement of all teachers who have been suspended or dismissed. He introduced House Bill No. 52 which asks the President to reinstate all teachers who were involved in the September 1990 strike.

**POLITICAL****Party Leader Athit on Politics, Military Role**

92SE0375A Bangkok MATICHON SUT SAPDA  
in Thai 31 Jul 92 pp 17, 18

[Report on Interview with Seri Tham Party Leader Athit Urairat by Wanwisa Chunchon, place and date not given]

**[Excerpts]** Although it initially looked as if Mr. Athit Urairat's attempt to form a political party was encountering problems, things began looking brighter after the Ministry of Interior announced that permission had been granted for the party to field candidates in the election on 13 September. That marked the official rise of the Seri Tham Party. [passage omitted]

Mr. Athit talked about the preordained creation of the Seri Tham Party. What is certain is that before he established this party, he was pounded by a series of political storms, including attempts to buy party leaders and pull away former MPs [member's of parliament] who once shared his ideals.

"That is now in the past. There will always be obstacles whenever we try to do something. We formed our party rather quickly. We would like things to be better than this and wish that we were better prepared. But there are many limitations. What's strange is that some people have bought party leaders and not used them. I don't know why they did that. They can't use them. If it was candy, they could eat it, or if it was a car, they could drive it. But in the case of political parties, if you go past a point, there isn't any benefit. A party was proposed after the Thai People's Party. I think it was the People's Force Party. People were bought. As for the Thai People's Party, I contacted Major General Rawi Wanphen, the founder of the party. Later on, Colonel Phon Roeng-prasoetwit said that he wouldn't agree, because he was the party leader. But some people said that they had already resigned. I didn't know what was going on and so I stopped trying to contact them. Instead, I contacted another party. We bargained and got the price down from 2 million to 1 million. We hesitated, because 1 million is still a lot of money. We were late by a day or two. By the time we were ready to reach an agreement, the party no longer existed. Someone else had purchased it. The People's Party purchased it for only 200,000, along with paying administrative expenses of 4,000 baht."

When asked why an effort had been made to block the formation of the political party, Mr. Athit said:

"I don't know. Perhaps they were angry at my causing them to fall off the stage. That's one thing. Another thing is that they didn't want me to establish this party. They tried to draw away MPs so that I couldn't form a party. There were many former MPs. As for me, if someone wanted to stay, he could. If he didn't, there was nothing I could do," said Mr. Athit calmly.

Who tried to block you, soldiers or politicians?

"I don't know. I don't want to say anything, because I really don't know who was behind that."

Many people think that Mr. Athit established this party because he wanted to help 11 former MPs who are friends of his and who couldn't find another party to join. Thus, Mr. Athit, who has held the reins since the very beginning, had to try and find an opening for these people. But Mr. Athit strongly denied this, saying that "that was not a problem. Other parties would have welcomed them gladly. That wasn't a problem. In terms of both their image and conduct, they are all young people with ideals. But I think that we can be of greater use by forming a party. If we join some other party, we could become trapped and might not be able to accomplish anything."

If you can't establish a party, which party are you most likely to join?

"Actually, I am grateful for the good intentions shown by all the parties that asked me to join. That includes the New Aspiration Party, the Moral Force Party, the Democrat Party, the National Development Party [Chat Phattana], and the Solidarity Party. If we joined a party, the three-four other parties would think that we were leaning that way," said Mr. Athit.

There has been much criticism to the effect that the Seri Tham Party, which is just a small party that supposedly wants to propose a new way, was formed just in order to do certain things. The leader of the Seri Tham Party explained things this way:

"Whether or not we are involved just in special tasks depends on how long the party survives, which is something that even I don't know. All I know is that we intend to work hard and do our best in order to achieve long-term results. But if the people don't support us, the party won't survive. That is another issue."

Something else that people wonder about is the decision to submit the name of Mr. Anan Panyarachun for the position of prime minister instead of Air Chief Marshal Sombun Rahong. That decision upset many former MPs and politicians. Some were so upset that they announced that they would not allow Mr. Athit Urairat to join them in political activities. The formation of this party has isolated him.

The former speaker of the House of Representatives said that "that is a matter of emotion. Showing emotion is one of the traits of politicians. But I try to do things differently. I have tried to show people that I do not act emotionally. The emotion that I am referring to is expressing your ego, thinking that you are someone important, and showing anger and hatred. That's not important to the people. The people don't want people to act emotionally. What they want are results. They want

concrete results. Thus, I try to control my emotions at all times. The things that I have done have been done in order to set an example."

As for his image as a "hero of democracy," if he continues to engage in politics, he could lose that image. Mr. Athit said that "that is not the only factor. It also depends on whether what we do is right or not. The fact is, I went against the tide, because as a member of the Justice Unity Party, I was supposed to adhere to party resolutions. But as the speaker of the house, I did not feel that I was the subordinate of anyone.

"The position of speaker of the house is a position of great honor. I had a duty to use the legislative powers available. In making decisions, I had to review all the issues. I couldn't be emotional. Party resolutions are just party resolutions. If a resolution is wrong and does not benefit the people as a whole, that is when you have to use reason and weigh things. You have to weigh the advantages and disadvantages. I would like to see politicians act like adults instead of acting like children and getting emotional. If they act like that on live television programs broadcast nationwide, that will just have a bad effect."

At the same time, many politicians feel that the former speaker of the house did something that was contrary to political principles. But Mr. Athit insisted that:

"The principle they are talking about is actually a method. If there is a majority of votes, that is, more than 180, they feel that the speaker of the house must submit that name even if the person is a bandit.

"We have to distinguish between parliamentary principles and parliamentary methods. The constitution gives the speaker of the house the power to submit names. But it does not say anything about a majority of votes. All it says is that the speaker of the house is the person who must respond to royal commands. He must act in accord with customs and reason and do things based on his judgment. What the principles are will have to be hammered out again. We have to get everything. If we can't, we have to get as much as we can. I think that I achieved that, because I was serving the country. I am not really satisfied with what I achieved during the three months that I served as speaker of the house. I constantly thought about what I could do to achieve more."

When asked about the political future of the Seri Tham Party and the election results, Mr. Athit said that "I don't expect to win more than 20 seats. But even if we win just two-three seats, it doesn't mean that we will collapse. Success is not measured by numbers. I formed this party in order to propose things wanted by the people and to show that this is a democracy." [passage omitted]

What should the role of the military be with respect to politics?

"Soldiers should limit themselves to their own sphere of responsibility. It's true that the military is responsible for maintaining peace in the country. But if there is unrest or trouble breaks out and this can't be controlled, the military should take action. But they should be used only as a last resort. That is one issue. In normal situations, soldiers should not think that they are the only ones responsible for peace and order in the country.

"I would like to see soldiers take a broader view instead of thinking that they are always right. Recent events clearly show that in solving problems, you can't use force alone. If we could have revised the constitution, there wouldn't have been any problem. If they had accepted that, there wouldn't have been any problems. But they refused to accept that. They thought that that would mean a loss of honor and prestige. That left few options in solving the problems. They saw only one way. That's politically outmoded. Political problems must be viewed from a broad perspective. As for what I think the role of the military should be, I would like them to accept this and have a broader and more modern view. They don't have to worry about losing prestige or fear that others won't be their allies. Those who tell them this may be even better friends. I would like to mention what happened recently. I once said that revising the constitution would benefit all sides, including the government and the military. But no one believed me. They believed those close to them. They were afraid of losing prestige. Those politicians are politically stupid. They think that politics is a joke and belittle the intelligence of the people." [passage omitted]

#### TNP Financial Backing, Business Empire

92SE0374A Bangkok MATICHON SUT SAPDA  
in Thai 31 Jul 92 pp 22-24

[Text] The fact that General Chatchai Chunhawan and his nephew, Mr. Kon Thappharangsi, left the Thai Nation Party [TNP] and established the National Development Party [Chat Phattana] does not mean that they pulled former TNP MPs [member's of parliament] along with them. But it does mean that they took along some of the "money bags" belonging to financial backers who once supported the Thai Nation Party and who have now found a new home. An exception to this is the Sifuang-fung-Phanitchiwa family, which still firmly backs the Thai Nation Party.

They are not doing this out of some misguided faith but because they are loyal to Police Gen. Praman Adireksan, the present leader of the Thai Nation Party. They have decided to side with the son-in-law of Field Marshal Phin Chunhawan rather than follow the son of Field Marshal Phin. Even though this relationship of the Sifuangfung-Phanitchiwa family began with Field Marshal Phin, in making profits from their business activities during the past 30 years, the person who has constantly helped them has been the son-in-law of Field Marshal Phin, that is, Police Gen. Praman. "A favor must be repaid" is the clearest way to summarize this.

There are many people from Suphanburi who have made a name for themselves at the national level in almost all circles. This includes Mr. Banhan Silapa-acha, Dr. Somkiet On-wimon, and Phumphuang Duangchan. But in business circles, Kiet Sifuangfung, the son of Mr. Chui and Nang Nai of Talat Bang Li in Song Phi Nong District, [Suphanburi Province], was considered to be one of the leading businessmen in the country.

His grandfather, of Taechiu descent, immigrated from China with nothing but the clothes on his back and settled down in Song Phi Nong District. His son, Chui, took over the family store and rice mill and became the village headman of Talat Bang Li. He met and fell in love with a girl from Suphanburi named Nang Nai. They had several children. One of those children was Kiet Sifuangfung, who was later given the nickname "the glass industry lord of Thailand."

Kiet's Chinese name is "Tae Liang-im." He was born in 1916. Because his father was wealthy and Chinese, Chui sent Tae Liang-im to a Chinese school, the Huai Min School, in Song Phi Nong District. That school is no longer in existence. Later on, Tae Liang-im transferred to a very well-known Chinese school in Bangkok, the Si Ming School. At that school was an older student with whom he later developed a business relationship. That man was Uthen Techaphaibun, another very well-known person of Chinese ancestry in Thailand.

Following that, Tae Liang-im went abroad to study at Saint Stevens College in Hong Kong, the same educational institution once attended by a well-known Thai politician, Phichai Rattakun. He then attended secondary school at the Phoi Ing School in Guangzhou, China. He obtained his B.A. degree from Ling Nan University in Hangzhou, the same school once attended by Dr. Sun Yatsen.

That was when the Second World War broke out. Tae Liang-im was trapped there and led a very difficult life, because he couldn't get back to Thailand. Finally, with a sense of youthful patriotism, he decided to join the military and fight against Japan, the enemy of China, the land of his ancestors, and Thailand, the land of his birth. With his educational background, Tae Liang-im was sent to the United States for flight training. After returning, he served as a bold pilot with the rank of pilot officer. He was assigned to the 14th KMT [koumintang] Air Force. At the same time, he also served the Free Thai forces.

During that period, he met and fell in love with a girl named "Jenny," the daughter of a wealthy banker who owned the Guangtung Provincial Bank. He was married and resigned from the Air Force.

Only 26 years old, he took his bride back to Thailand. Because the war was still going on, he initially worked at selling sundry goods with his younger brother, Bunsong, in his native village in Song Phi Nong District. After the war ended, he decided to move to Bangkok. Because his family owned a rice mill, he decided to open a small rice store in Yaowarat.

Using his connections to his father-in-law, who owned the Guangtung Provincial Bank, Kiet went to see Rear Admiral Thawan Thamrongnawasawat, the then prime minister who was of Chinese ancestry. Relying on guarantees from the Chinese Government, in whose Air Force he had once served, and on the fact that he had served the Free Thai forces of MR [royal title] Seni Pramot, it was relatively easy for him to obtain permission to open a branch of the Guangtung Provincial Bank in Thailand.

After carrying on banking operations for just a short period, his banking operations ran into trouble, because in 1949 the Red Army of Mao Zedong defeated the KMT forces of Field Marshal Chiang Kaishek and the Guangtung Provincial Bank had to close down.

It was during that period that the "Soi Ratchakru" group of Field Marshal Phin Chunhawan was gaining power. No one knows the details of the negotiations, but Field Marshal Phin granted him permission to continue carrying on banking activities. That was the beginning of the relationship between Kiet Sifuangfung and members of the "Soi Ratchakru" family. A man of Chinese ancestry who had attended the Si Ming School, that is, Uthen Techaphaibun, or Yee Hoei, and another Chinese named Ua Chuliang, or Tua Hoei, persuaded Kiet to become involved in another banking venture together with Phraya Thonawanikmontri, the former minister of finance during the administration of Field Marshal Phibun Songkhram, and Phraya Chindarak, the former deputy minister of interior during that same administration. They established the Sing Khon Bank, or "Sae Ang" Bank as it is called in the Taechiu dialect. They established the bank using Kiet's permit to open a Thai branch of the Guangtung Provincial Bank. The Singkhon Bank, which was founded on 21 August 1950, is now the Si Nakhon Bank.

"Those who want to advance must have a patron, because that person will lead the way and encourage you to reach your goal." That is something that Kiet frequently told his children and grandchildren in addition to remembering the favors done by the patron.

Police Gen. Praman Adireksan is the "patron" whom Kiet chose to follow in his business life. That was the period when Field Marshal Phibun Songkhram held power. Phibun was propped up by two groups, the "Soi Ratchakru" group of Field Marshal Phin Chunhawan and Police Gen. Phao Siyanon and the "Sisaothewet" group of Field Marshal Sarit Thanarat.

When business at the Singkhon Bank began to decline, Kiet became involved in the insurance business, founding the Si Nakhon Insurance Company Ltd in 1952. He started that company with 10 million baht in capital. Besides Kiet and his brother-in-law (Charoen Phanitchiwa, the father of Sombat Phanitchiwa), other shareholders included Uthen Techaphaibun, Khunset Phakdi, Ua Chu Liang, and (then) Major Gen. Praman Adireksan, the son-in-law of Field Marshal Phin.

In 1953, Maj. Gen. Praman was serving as deputy minister of communications. He wanted to establish the ETOT [Express Transportation Organization of Thailand] Insurance Company in order to have it insure the ETOT, a state enterprise subordinate to the Ministry of Communications. Thus, he approached Kiet and asked him to participate in this business venture. Some of the shares would be owned by the ETOT, some would be owned by the Thai Si Nakhon Insurance Company, and the rest would be sold to employees of the ETOT and the Si Nakhon Insurance Company. The initial registered capital of this company was 3 million baht. Maj. Gen. Praman was the first managing director of the ETOT Insurance Company.

Later on, Maj. Gen. Praman was appointed deputy prime minister and so he had to resign his position as manager of the ETOT Insurance Company. That resulted in Kiet taking charge of that company.

The following year, Kiet became involved in the textile industry when he founded the Silk Industry Company Ltd. Naturally, one of the shareholders was Maj. Gen. Praman, who owned shares in the name of the Adirek Enterprises Company.

The very dirty election of 1957 led to widespread demonstrations by students against Field Marshal Phibun Songkhrem and Police Gen. Phao Siyanon, the then minister of interior. Field Marshal Sarit was like a knight riding in on a white horse to save the situation, with the result that there was a revolution. The Soi Ratchakru group under the leadership of Field Marshal Phin Chunhawan, Police Gen. Phao Siyanon, Maj. Gen. Chatchai Chunhawan, Maj. Gen. Praman Adireksan, and Maj. Gen. Siri Siriyothin had to give up power and let the "Sisaothewet" group of Field Marshal Sarit take over the reins of power. That temporarily ended the role of those who "relied on" the power base of the Soi Ratchakru group, particularly Kiet Sifuangfung.

Kiet continued to operate his businesses quietly during the time that Field Marshal Sarit was in power. But he constantly monitored the business situation. What he discovered about the direction of Thailand's development was that building materials, particularly glass, were becoming very important.

In 1963, he decided to establish the Thai Glass Company. He used the "know how" of business groups in Taiwan. Some people have observed that Kiet made a great effort to establish ties to the Sisaothewet group, which held power at that time. He induced Thongdun Thanarat, the younger brother of Field Marshal Sarit, to buy 500 shares in the Thai Glass Company Ltd. But in 1964, Thongdun sold all of his shares and resigned his position as a member of the board of directors. That resignation came just a few months after the death of Field Marshal Sarit at the end of 1963.

The glass industry requires a very large amount of investment capital. Kiet decided to auction off the Cathay movie theater and use the money to establish the

Cathay Trust Company in order to use this company to mobilize capital to establish the Thai Glass Company Ltd in 1963. Initially, the Thai Glass Company encountered quite a few problems with respect to the technology used in production. Because actually, the Taiwanese group that had put up capital along with Kiet relied on buying "know how" from the Japanese Asahi Company, an international giant in the glass industry.

Kiet decided to change shareholders from the Taiwanese group to the Asahi group, the group with the "know how." At the same time, in 1964 the name of the company was changed from the Thai Glass Company Ltd. to the Thai-Asahi Glass Company Ltd. With the glass production technology that the Asahi group turned over to Kiet "without strings," the Thai-Asahi Glass Company dominated the glass industry in Thailand, and they still have no real rivals even today.

Like a tiger, Kiet expanded his investments in many other industries. He established the Goodyear (of Thailand) Plant Ltd., the Thai-Asahi Soda Ash Company Ltd., The Thai Plastics and Chemicals Company Ltd., the Thai Safety Glass Company Ltd., and so on. And he became a major shareholder in the Metropolitan Bank and the Thai Capital Bank. No one could stop him. It is estimated that the assets of this group now total at least 100 billion baht.

It can be said that Kiet had a monopoly on the glass industry in Thailand for almost 30 years. But he was affected by the pressure exerted by the United States, which used Article 301 to put pressure on Thailand, which prevented the American glass giant, Guardian, from establishing a rival plant in Thailand in 1990. That was when Gen. Chatchai Chunhawan was the prime minister, and Police Gen. Praman Adireksan was the minister of industry.

Even though the Soi Ratchakru group held political power during that period, the heavy pressure by the United States and the efforts to pull strings by certain people in the cabinet forced Gen. Chatchai and Police Gen. Praman to agree to allow the "Guardian" group to engage in a joint venture with a large cement group in opening a glass production plant to compete against Kiet's Thai-Asahi Glass Company.

One of the ministers referred to who held to the tail of the "Guardian" group was Mr. Kon Thappharangsi, the then minister attached to the Office of the Prime Minister and the activist in urging former Thai Nation Party MPs [members of parliament] to establish the National Development Party [Chat Phattana] with Gen. Chatchai. The Sifuangfung group and Police Gen. Praman were still smarting from the pain of that when Mr. Kon hit them again by forming this new party.

Kiet died of a kidney disease at the age of 77 on 2 February 1992 just a few days before the start of the Chinese New Year. He left a large inheritance and many

businesses to his three sons, Chaisiri, Chainarin, and Chainarong, and to his beloved grandson, Sombat Phanitchiwa.

One of the duties that he passed on is the duty of serving as the "financial backer" of the Thai Nation Party under the leadership of Police Gen. Praman, to whom they have a great obligation.

#### **Business Groups' Political Activism Reviewed**

92SE03604 Bangkok KHAO PHISET in Thai  
28 Aug-3 Sep 92 pp 10-17

[Article by Sucharit Chongweha and Sukim Kanlay-anaphat]

[Excerpt] [passage omitted] Just after 10 June 1992, when the king appointed Anan Panyarachun to the position of prime minister, businessmen became very active. This was like a political "fantasy." This "awakening" led to the conclusion that the demonstration by people using "cordless telephones" on Ratchadamnoen Road was indicative of a type of "class movement." It was thought that the position of the "middle class" in society had become quite real and much firmer.

But shortly after that, all that activism came more of an "illusion." The "awakening" in business circles was like a "fire of straw."

The phenomenon that occurred in business circles became "ceremonial." There were "golf games for democracy" and "democratic village contests." Tape companies played a democratic role by supporting movie stars and artists and having them help spread information about the election. The high point was the product of the group known as "BMS [expansion unknown]," that is, it sent members of the group to run as candidates in the election.

It isn't that such behavior has never been seen before in times of social change. Sudden political "awakenings" have stimulated many businessmen in various fields to run for election. But that has never really created a "class image."

Actually, business groups have always been tied to and been involved in politics. And these connections have been firm, deep, and strong. These have not been ties in the form of the BMS group, the businessmen's group for democracy, or even the statements issued by three business associations. The ties between business groups and politics that existed in the past and that continue to exist today are the natural ties of businessmen at the multi-millionaire level. Businessmen who have strong connections with politics have not shown any indications of changing as a result of the terrible events that took place in May. The following are a few examples:

**The liquor group:** This business group, which is one of the largest business groups in the country and which has long had influential ties to politicians, has not shown any

sign of changing. On 1 August, when military commanders were reshuffled, businessmen in this group continued to provide General Sunthon Khongsomphong, the former president of the National Peace-Keeping Council, with a Mercedes Benz 300E in his capacity as an advisor to the Surathip Company. And the Surathip group continued to carry out the same business-political policy as usual with respect to both the political parties and the military.

**The agro-industrial group:** The largest company, the Charoen Phokphan Company (CP), has not shown any sign of changing its views following the events of Black May. It has maintained its strong ties to former military leaders. If anything, these ties have been strengthened. This is because governments such as the Anan Panyarachun government that hope to bring about democracy will create problems for CP. For example, the telephone bid awarded to CP during the "Anan I" administration might be changed. And power in the Telephone Organization of Thailand, a state enterprise, might be changed, with the result that those who have good relations with CP might lose power.

**The construction group:** There has been nothing to indicate that large construction companies such as C. Engineering, Benchamat, or Italthai have democratic longings like the BMS group or the representatives of various business associations. They continue to have close ties to former military officers, officers who remain in power, and the political parties that are close to the military.

**The banking group:** Normally, the banking business, which is an important business and which is the foundation of Thailand's economy, carries on activities and makes changes "in keeping with the situation." Even though Mr. Tharin Nimmanhemin, in his capacity as the president of the Banking Association and a representative of the Thai Commerce Bank, expressed a rather strong "democratic" attitude in the joint statement issued by the three associations (the Banking Association, the Industrial Association, and the Chamber of Commerce), the role played by Mr. Tharin is not the same as that played by "all banks." Bankers are usually skilled at "playing both sides" in carrying on business activities. This has been the case ever since the time of Field Marshal Sarit and Police Gen. Phao [Siyanon]. This has always been the case with Bangkok Bank. In particular, the Thai Farmers Bank has managed to have members of its administrative team serve in every government, including the Anan I, Suchinda, and the Anan II administrations. Thus, the enthusiasm of the bankers has been a rather "formal" enthusiasm that will enable them to return to their real core of interests depending on the situation.

The events of Black May have generated the greatest awareness among those businessmen most directly affected by those events, such as businessmen engaged in hotel and tourist activities, land speculators, and speculators in the stock market. These businessmen are not

members of "primary business groups" in Thai economic circles. Some, or most, are just "new economic groups" that have not yet "planted stakes" or defeated the "monopoly" groups that have ties to and are involved in politics and that have constantly enjoyed special privileges.

Recently, the role of the pro-democracy businessmen has begun to weaken. The only thing that the BMS group has done is to have Akon Huntrakun, who is a member of the group, run for parliament as a candidate in the Dusit precinct, with Anan Atsawaphokhin and Olan Chaiyaprawat, wearing jeans and carrying bags, trying to drum up votes for him.

The three associations that once took the lead, that is, the Banking Association, the Industrial Association, and the Chamber of Commerce, have begun to withdraw and are now trying to play a role from behind the scenes. They haven't dared field candidates or take a public stance on political issues. The pro-democracy businessmen are much weaker politically than the old business groups that have ties to senior military officers and almost all the political parties.

Thus, a business force that can stage a "silent strike" whenever there is a coup or use economic power to destroy the coup is a "lofty ideal that is drifting in space." [passage omitted]

**Op-Ed Writer Views Monarchy, Military**  
92SE0379A Bangkok KHAO PHISET in Thai  
11-17 Sep 92 p 22

[Article by Thawatchai Naeoprakan]

[Excerpt] [passage omitted] The institution that has been affected the most is the monarchy. The king and other members of the royal family have had to deal with the effects of the changes stemming from the change in 1932 from an absolute monarchy to a constitutional monarchy, or democracy as the People's Committee called it. The main support in changing the monarchy was the "military," which backed the civilians in dealing with those who totally rejected the changes. Serious fighting took place in Saraburi. As for what happened after that, students of history know what happened to the monarchy and members of the royal family as a result of those changes. The most important thing was the abdication of King Rama VII. Members of the royal family and those loyal to the king came under intense pressure. Some were accused of being rebels and had to flee abroad. They were constantly viewed with suspicion until after the end of the Second World War.

Those who held state power, including "soldiers," undeniably had a great effect on the monarchy. But after the administrative change, the monarchy managed to adjust to the changes. Today, the monarchy is under the constitution and above politics. It is still the most important institution. No matter how great the changes in society,

no matter what changes have taken place in the international and domestic economies, and no matter how rapid the changes in communications and technology, the monarchy continues to hold a very important position and is still held in great esteem by people throughout the country. And it looks as if it will maintain its position.

Looking back into the past, it can be seen that when that historical change took place, many members of the royal family understood that change and made a great effort to accept the change. They did not oppose the changes or try to change the course of history. Ideas about building a "parliamentary" system or reproducing the "Dusit Thani" state were signals indicating their acceptance of the changes and their willingness to change in accord with the changes of the time. But they could not keep up with the demands of certain civilians and soldiers. Thus, changes were made using force.

Perhaps because of its understanding of the changes and course of history, the monarchy prospered and became a lasting important part of Thai society. That was true even though during that period of "change," many members of the royal family found themselves in very dire straits and suffered more than people in other institutions.

The military must change in accord with the situation and course of history. This does not refer just to reducing the size of the military, which has been proceeding very slowly, or to reducing the purchase of some types of weapons. The military is facing a change in viewpoint. This is not simply a matter of reshuffling commanders at various levels. They must act in accord with the changes that could affect the military's budget and curriculum and even its role in society, particularly in political circles, in which the military has had great influence for almost 40 years.

What is important is that those with political seniority have always had a policy of "showing honor" to the military. That is a view that is in line with the idea that the best changes are those that stem from within the military itself. But even so, there will certainly be some pain as a result of these changes.

The important lesson that the military should remember is the lesson of what happened to the monarchy and the monarchy's modern attitude and long-range view. That enabled the monarchy to move forward and maintain its lofty position to the present. [passage omitted]

## MILITARY

### Development of New Mortar Described

93SE0004A Bangkok THAI RAT in Thai 19 Aug 92 p 5

[Article by Bophit Kaotira]

[Excerpt] [passage omitted] A mortar is a trajectory weapon used by infantrymen. The reason why it is called

a mortar is because the shell must be dropped into the barrel. A charge is then set off to propel the shell into the air to the target.

The Thai Army uses mortars of several sizes depending on the objective. This includes 60-mm (the size of the muzzle) mortars, 81-mm mortars, and 4.2-inch (approximately 106 mm) mortars, which are now being taken out of service and replaced by 120-mm mortars.

The Thai Army has used 120-mm mortars ever since the time that General Samphat Phasanayongphinyo was the commander of the Army Weapons Development Center. During the period that he was considering building this weapon in Thailand, soldiers called this the 120-mm light mortar. It had a maximum firing range of 6 km.

Today, in combat, even though the enemy may not be seen, troops still want to inflict damage on the target. Thus, four very intelligent Thai officers have taken steps to develop the 120-mm mortar so that it meets international standards. Today's mortar has a range of 8 km. It is a durable weapon that is cheaper than similar weapons produced abroad, with each one costing about 200,000 baht.

Major Gen. Yanyong Wongwit, the deputy commandant of the Armed Forces Staff College and the former director of the Army Weapons Development Center, talked about some of the interesting features of this weapon.

"This type of weapon was first deployed in the Thai Army a long time ago. It had a range of 6 km at that time. We began producing this weapon at a time when we lacked testing equipment and production technology. However, we were still able to produce fairly good mortars. It's just that very little testing was done, and there were a few shortcomings in actual field use.

"These shortcomings included the fact that a truck had to be used to pull the mortar on the battlefield. Another thing is that when it was set up for use, each part had to be lifted into position, including the base and the actual gun, which weighed at least 50 kg. Also, it took two soldiers to set the firing angle in terms of range and height. Finally, it had a range of only 6 km while such weapons used by other countries had a range of 8 km when extended-range shells were used.

"Because of these limitations, I and some of my subordinates, including Colonel Chaem Kromsuriyasak, Lieutenant Col. Chaloem Chaengdi, and Captain Phonloet Rattanachamnong from the Gun and Mortar Factory and from the Technology Division, Army Weapons Development Center, Lopburi Province, considered ways to improve the capabilities of this weapon and eliminate its shortcomings.

"As for reducing the limitations of this weapon and upgrading it to meet international standards, we began by eliminating the inconveniences in setting up the weapon. The weapon was usually broken down into three

main parts, the barrel, the tripod, and the gun base. These had to be carried by truck, because each part weighed approximately 50 kg. Each time a mortar was set up or taken down, soldiers had to carry the individual parts. It took about 5 minutes to set up a gun. And in actual battle, each minute is a matter of life and death. The side that can start shooting first usually has the advantage.

"We improved this by designing a new weapons carrier. With this carrier, the gun is always ready for use. To set up the weapon or move it, all you have to do is tilt the carrier. You can then commence firing immediately. When you have finished firing, all you have to do is hitch the carrier to a truck and you can move it anywhere.

"The next thing was that we equipped it with a firing pod. It used to take two men to adjust the firing position. We developed this so that it now takes just one man to do this. We have developed a hand-turned device to adjust the firing angle and direction. Turning it just once will move it 10 clicks. In the past, you had to turn it 10 times to move it 10 clicks.

"Next, we improved the barrel so that it can withstand an internal pressure of 2,070 kg per square cm. The old mortar could withstand an internal pressure of only 1,114 kg per square cm. To achieve this, the barrel and rear chamber had to be made of forging steel, which is a type of steel that can withstand the pressure of an explosive force. This type of steel has had much of the phosphorous and sulfur removed, because these two elements cause steel to be brittle.

"We also increased the maximum range from 6 km to 8 km using extended-range shells, which are produced on all weapons markets. In the future, we may implement a program to start producing this type of shell ourselves. In studying this, we had to consider the length of the barrel in conjunction with the force in order to ensure that the muzzle velocity of the shell meets international standards as stipulated in the firing tables. We did this using ideas from American weapons texts and muzzle velocity standards as found in firing manuals.

"It can be said that almost all of our new 120-mm mortar uses materials and equipment obtained from domestic research and development. We have purchased only one part, the sight, from abroad. We are very proud of the fact that we have been able to build this mortar ourselves for deployment in the Army. This has enabled the Army, or Thailand, to save money in procuring 200 of these weapons of the same quality at a cost of 38 million baht. Besides this, this has provided Army personnel with technological knowledge and experience in building weapons and relying on themselves."

Besides the pride gained from building this weapon ourselves and producing it in plants belonging to the Thai Army, this achievement won the 1992 National Research Council award. And this achievement has been recognized by the fact that this weapon has now been deployed in the Thai Army.

## ECONOMIC

### **Banker on Cambodia's Back-Charging Foreign Banks**

*93SE0002 Bangkok NAEONNA (LOK THURAKIT SUPPLEMENT) in Thai 8 Sep 92 p 9*

[Excerpt] [passage omitted] Mr. Prasong Uthaisaengchai, the assistant managing director of Bangkok Bank, said that the Cambodian Government has implemented a policy of profiting from the foreign banks that have opened branches there. It is collecting a retroactive fee of \$200,000 for having allowed banks to open branches. People do not think that this is correct. If the Cambodian Government actually does try to collect this fee, he feels that the Thai banks that have opened branches in Cambodia should resist this, because that is an act of opportunism. But if this fee is collected from banks that have just opened branches, there won't be any criticism.

Mr. Prasong said that the reason why Cambodia has taken this position is that the government lacks capital and does not have definite regulations. As a result, the conditions change constantly. And what is important is that the opening of bank branches in Indochina is presently increasing at a very rapid pace. Banks should be very careful about the conditions, because politics in those countries is still uncertain.

As for Thai banks opening branches in Indochina, problems have arisen, and because of this, Cambodia does not trust the Thais. Mr. Prasong explained that the fact that a few Thais have cheated Cambodia or Laos has tarnished the image of the rest who have gone there to carry on business activities. Thus, he feels that Thai banks should carry out their duties clearly. Measures must be implemented to carefully check those who want to do business there. There must be cooperation with all sides.

**POLITICAL****Minister on Cooperation With European Countries**

*922E0195A Ho Chi Minh City TUOI TRE  
in Vietnamese 23 Jun 92 pp 1, 12*

[Interview with Foreign Affairs Minister Nguyen Manh Cam in Hanoi on 11 June by TUOI TRE]

[Text] Foreign Affairs Minister Nguyen Manh Cam returned to Hanoi after an official trip to Europe during the period 25 May to 11 June 1992. This was his first official trip to Europe since he became minister of foreign affairs in August 1991. Immediately after he returned to Hanoi, the foreign minister graciously granted an interview to TUOI TRE.

[TUOI TRE] What was the significance and what were the goals of your recent trip to Europe?

[Cam] In response to the invitation of a number of governments there, we visited five countries in Western Europe—France, Belgium, Germany, England, and Holland—and two in Eastern Europe—Poland and Hungary. We also held talks with officials of the EC. This visit is part of the process of developing an independent foreign policy and varying our international relations so that we can strengthen and expand cooperation with these countries. We were given a very warm and friendly welcome everywhere that we went, and we had a chance to meet people from a broad range of political circles and social organizations, particularly businessmen and industrialists.

[TUOI TRE] What is the attitude of the EC countries regarding promoting economic cooperation with Vietnam in view of the fact that the United States has not yet lifted the embargo?

[Cam] Through this visit, relations between Vietnam and France were clearly given a boost. France has always said that it gives Vietnam a priority position in its foreign policy on Asia. It will soon make suggestions on forming a group of friendly countries to aid the normalization of relations between Vietnam and international finance and monetary organizations. During my official visit in France, I passed on letters from Council of State Chairman Vo Chi Cong and Council of Ministers Chairman Vo Van Kiet inviting the president and premier of France to visit Vietnam. The French leaders welcomed this and promised to try and visit Vietnam in the very near future. I and the French premier signed an agreement on stimulating and maintaining investment. This was the first time that such an agreement was signed at the level of the premier. Besides that, I and the French minister of finance signed a financial agreement on the construction of a Danang-Ho Chi Minh City "fiber line" valued at 43 million French francs. In this, the French Government will provide free aid totaling 22 million French francs. The French Government has disclosed that it will provide 130 million French francs in free aid

to Vietnam in fiscal year 1992 (an increase of 37 percent as compared with 1991) in order to implement the infrastructural plans. This does not include French aid in the sphere of cooperating in economic planning and training economic cadres. Economic planning has reached almost 50 million French francs and aid within the framework of organizations in the French-speaking countries.

Belgium has decided to forgive our government debts and create favorable conditions to help us pay our commercial debts. The two countries have agreed to convene a meeting of the Vietnamese-Belgium Joint Committee in autumn in order to discuss other cooperative projects in a concrete manner.

Holland, through non-government routes, has given us aid of 6 million guilders to improve national projects and 4 million guilders for cooperation in the educational and college spheres.

Germany has announced that it will provide us with 40 million marks in financial and technical aid (an increase of 38 percent as compared with 1991). German business circles, particularly large groups, are ready to quickly invest in Vietnam. The German Government as well as corporations and banks are prepared to help us train cadres. I proposed that the German Government allow Vietnamese laborers whose term has expired to remain in Germany to continue improving their skills and knowledge and that it implement measures to ensure their safety. Germany accepted this proposal and promised that it will strive to resolve things.

In addition to the general contributions above, the British government decided to provide us with \$1.8 million in aid for the repatriation and reconciliation program.

Besides visiting countries in Western Europe, I also had business with the Council of Europe. Because the chairman was away on urgent business in Oslo, the first deputy chairman and a number of other officials of the council received me. I proposed that the EC soon open talks on a textile agreement and help us train cadres. This agreement is of great importance. Not only will this help us expand commercial relations with European countries but it will also help us create jobs for our workers. This textile agreement will increase Vietnam's quota in exporting textiles to European countries.

In general, the countries that I visited and the EC want to expand relations with us on many fronts, but they are concentrating on solving the urgent problems in each of their countries and in Europe in general in order to ensure stability and promote the development of the zone. They hope that Vietnamese-American relations will soon be normalized, that the United States will soon lift the embargo, and that relations between Vietnam and the IMF, the World Bank, and the ADB [Asian Development Bank] will soon improve in order to accelerate the process of expanding cooperation with Vietnam.

[TUOI TRE] Eastern Europe is an area with which we have traditionally had relations. In our recent negotiations, what problems were you able to solve in our bilateral relations with Poland and Hungary?

[Cam] In implementing a pluralistic foreign policy, Vietnam has always given attention to those countries with which we have traditionally had relations, which includes Poland and Hungary. But my meetings and discussions in those two East European countries took place in an atmosphere of openness, frankness, and mutual understanding. Poland and Hungary said that the fact that they have chosen a different political-social system will not interfere with strengthening relations. To the contrary, relations must be expanded with more effective contents and formulas. Poland has forgiven a large percentage of our debt. We signed an agreement with Poland on cultural and economic planning cooperation. And we reached an agreement with both countries on soon holding talks and signing an agreement on encouraging and protecting investment and an agreement on avoiding setting two-tier tariffs in order to create a legal basis for investment, commercial, and trading activities. Poland and Hungary welcomed the important achievements of the renovation movement in Vietnam and evaluated the expansion and improvement in relations between Vietnam and its neighbors, especially the other countries in Southeast Asia.

[TUOI TRE] Would you summarize a number of important results achieved in your recent talks?

[Cam] In my view, the results achieved on my recent visit to Europe are of great political and practical significance. Above all, the results of this trip have helped examine the correctness of the renovation line put forth at the Seventh Congress of the Communist Party of Vietnam. In my meetings there, those countries gave high marks to the important achievements scored in carrying on our renovation movement and in developing an independent and open foreign policy. They also gave us high marks for our contributions in solving the Cambodia problem and building a peaceful and stable Southeast Asia in which there can be cooperation and development. Those countries welcomed the policy of entering our zone to contribute to developing relations in Asia and the Pacific, a region that is viewed as one of the most dynamic regions of the 21st Century. They hope that relations between Vietnam and the United States will soon be normalized and that relations with the international financial and monetary organizations will soon be promoted.

In summary, this trip contributed to helping those European countries understand us better and to giving them a better understanding of our situation and our great capabilities and prospects. We gained a clearer understanding of the capabilities of each country. We encouraged businessmen to invest in and trade with Vietnam. This will create better prospects for promoting friendly and cooperative relations on many fronts between Vietnam and Europe in the future.

[TUOI TRE] Thank you, sir.

#### Do Muoi Speaks at Justice Ministry

922E0210A Hanoi NHAN DAN in Vietnamese  
12 Aug 92 pp 1, 3

[“Text” of address by General Secretary Do Muoi: “Building the Legal-Power State Is One of the Central Tasks in Renovating the Political System”]

[Text] Dear comrades,

Today I am very happy to visit with you at the National Judiciary Conference and to have an opportunity to meet a large number of the leading cadres of provincial and municipal judiciary services and people's courts from all over the country, who gather here to study and thoroughly understand the basic contents on the state and the law of the party's resolutions and the country's 1992 Constitution.

In recent years, the judicial branch was trying to study the issues that had just appeared in the economy, society, and organization of state activities, and cooperating with other branches to build and further improve the legal system, to provide the people with legal education, and to organize elementary and advanced training for legal cadres, particularly the cadres of local courts, legislative organs of various sectors, and local judiciary services. On behalf of the CPV [Communist Party of Vietnam] Central Committee, I strongly praise the achievements and efforts of the branch as a whole.

In the present world and domestic situation, in the face of the need for accelerating the renovation of the country, in which to renovate the activities of the judicial branch is an important job, you need to move forward vigorously, to do your best to learn, and to struggle ceaselessly to raise your professional capabilities and knowledge, as well as to train yourself in becoming better, so as to carry out your task more effectively.

Dear comrades,

At the 2nd Plenum of the CPV Central Committee, seventh term, and at the 11th session of the Eighth National Assembly, held to approve our country's new constitution, I had an opportunity to mention the need for us to gradually build the legal-power state of Vietnam. It is the state of the people, by the people, and for the people under a unified and effective management based on the law. We can say that building the legal-power state is one of the central tasks in the renovation of the political system and is aimed at making this system conform to and actively act on the development of the multisectoral and socialism-oriented commodity economy, operate in a healthy manner, obey the law, and maintain order and law. Generally speaking, it is also the basic content and spirit of our country's 1992 Constitution.

In the building of the legal-power state, the state is organized in accordance with the principle calling for achieving a very basic need, namely all powers belong to the people, which is reflected in the way we organize and in the components of the state, such as the National Assembly, the president of the state, the government, and judicial organs, as well as in the clear-cut division of work in regard to the functions and tasks of such components. In all of the legislative, executive, and judicial branches, the state must display its nature of truly belonging to the people and the truly democratic character of the system, and create favorable conditions for the people to take part in management, to have the opportunities to take part in state and government activities, and to enjoy the real power to supervise state organs and the deputies whom they have elected.

Human rights are an important part of our party's view on building the legal-power state; are reflected in the citizens' basic rights and obligations as mentioned in the constitution; include the rights of free enterprise, ownership, inviolability in regard to their physical bodies and abodes, political rights, and so on; and are materialized in many legal documents and are guaranteed to be respected through organizational measures taken by the state and society and through everybody's positive social action and sense of citizenship.

A society having law and discipline must be built on everybody's increasing sense of abiding by the law; it must teach every one of its members and its communities the habit and way of living based on abiding by the constitution and law. This is a factor that cannot be lacking in the legal-power state. In the present situation, the law must have great educational effects and at the same time be the means to assert social order and law. We must firmly fight and justly deal with violations of the law; establish at any cost social order, state management order in units and organs, and management order in all economic sectors and social components; and create a healthy and safe environment to allow everybody to live in peace and to be satisfied with his occupation, to work enthusiastically, to invent and be creative, to develop production and business, and to resolve properly all relations having to do with law. At the same time, the law must actively help to maintain good morals and customs; to strengthen everybody's morality in regard to himself, his family, the collective, and society as a whole; and to absorb mankind's quintessence while maintaining and further developing our nation's character, fine traditions, and cultural, spiritual, and moral values. I usually say that building the legal-power state of Vietnam means having just that spirit.

We must gradually build a legal system that gets better everyday. Recently I frequently spoke about the need to issue soon the laws having to do with civilian affairs and civilian legal procedures, state enterprise, commerce, labor, and administrative affairs. I think that we must also act soon to revise and expand the Land Law and Law on Foreign Investment in Vietnam, to improve the

Vietnam Tax Code, and to revise and expand the Criminal Code and Criminal Procedures Code in the spirit of renovation and satisfying the need for fighting crimes and guaranteeing the freedom and democratic rights of citizens. Other legislative bills must also be drafted within the framework of a long-term program by the 9th National Assembly.

The 1992 Constitution reflecting the period of renovation in our country requires that we urgently review and check with utmost care and total devotion all of the current laws, expand them, and issue new legal documents conforming to the need for accelerating the current renovating efforts.

To organize compliance with the current laws is also an important task. We must seriously consider the reasons behind the present situation to get to know why the law of the land is not strictly obeyed, regulations are not respected by all, and crimes are still common so as to find effective measures to overcome such a situation.

The law enforcement organs must be improved so as to ensure compliance with the law. We must further strengthen both organization of these organs and their cadres, as well as the privilege system and means of operation; the relationships between law enforcement organs and other organs within the state machinery and the political system must be properly maintained. We must study ways to improve the functions of investigating and control organs and redefine the power of the courts at all levels in conformity with switching to a multisectoral commodity economy, i.e., while we are building a better and better legal system, we must study establishing a mechanism to enforce the law in an effective manner, with good results, and with real authority.

In short, the state must manage social life as a whole by and in accordance with law. It makes laws to serve as a framework and limit for activities of all organizations and individuals in society, in which all state organs and civil servants must have clearly defined roles in terms of authority and task, put themselves within and under the law, obey the law, and bear responsibility under it. In our society, it is the state organs and civil servants, party organizations, cadres, and party members who must be the first to set examples in regard to complying with the law and maintaining the law of the land for the people to follow. And that is the noble sign of the people's nature of our state. We must build a system of legal responsibility among the state organs and officials in the state machinery.

*Dear comrades,*

To be able to achieve the above-mentioned points, the judicial branch must fulfill better, more thoroughly, and more effectively the tasks that are assigned to it by the party, state, and people.

To legislate is one of the most important tasks aimed at institutionalizing the party's line, positions, and policies,

and a great activity of the National Assembly, government, and people. The Ministry of Justice plays the role of assisting the government in coordinating activities of other ministries in drafting bills to be sent to the National Assembly, providing the ministries with professional guidance in regard to drafting bills and proposed regulations, and guaranteeing the quality of legal documents.

In localities, the people's councils and people's committees issue a rather large number of local regulations. However, it is regrettable that quite a few of their regulations go against the state laws and exceed their local authority to the point of creating negative effects in society. Local judiciary organs must be the ones that assist these councils and committees in properly drafting local regulations, examining the constitutional and legal aspects of such regulations, and striving to avoid mistakes so as to make compliance with the law strict and uniform throughout the country.

The Ministry of Justice must further accelerate the task of providing local judiciary and legislative organs with guidance and leadership in regard to reviewing and checking the current regulations, guaranteeing a uniform legal system, and avoiding any possible contradictions and duplication.

As to local courts, we must have plans for organizing the implementation of new constitutional rules regarding the procedures for appointing judges. These procedures guarantee the establishment of a body of judges being systematically trained, having high professional qualifications, and working for a long time and in a stable manner; guarantee continuity and succession among judges; and create favorable conditions for us to gradually carry out more properly the principle of independent trial by judges.

We must consider providing judges with elementary and advanced training, building the material base for trial, and providing it with technical equipment and means an important task of the judicial branch and the state. About this task, you have made some efforts but I think these efforts are not enough, considering the need for building a legal-power state of Vietnam. In the time to come, you must make greater efforts to train a large body of legal cadres who are clean and conscientious, and have sufficient specialized and professional capabilities and background to do legal work in general and first of all to do good trial work, i.e., to deserve being the persons to whom the party, state, and people assign the task of keeping the scales of justice and, in behalf of the SRV state, making trial decisions that reflect social fairness and justice of our system. The material base and equipment must also be strengthened at an appropriate level so as to ensure for our courts the working conditions that are commensurate with the task assigned to them as our country's trial organs.

The judiciary organs and organizations that support the trial task, such as public prosecution organs, bar associations, judiciary inspectors, and legal identification and

statistics organizations, do play their role in trial, economic management, and social management. These organs must be renovated, and their renovation must be closely linked with that of the court organs.

The judicial branch must have plans for studying and carrying out step by step the judiciary reforms, along with administrative and legislative reforms, and implementing the policy that was proposed at the sixth and seventh party congresses, namely, to carry out a major reform of the state machinery.

To renovate the political system, including reforming the state machinery along the line of building a legal-power state of Vietnam, is a complex issue requiring that we act urgently and actively but cautiously, take steady steps, and guarantee success for the renovating efforts, for the purpose of satisfying at any cost this need: The more we accelerate the renovating process, the more the country becomes stable and developed.

In this undertaking, the role and tasks of the courts and judiciary organs are very heavy. I hope that all of you in the branch, from leading cadres to civil servants, would strive to fulfill better and more thoroughly the tasks that the party, state, and people have assigned to you; inherit and further develop the experiences in the judiciary activities acquired in the past years; and strengthen solidarity and promote close cooperation among our public security organs, courts, judiciary services, and internal affairs organs.

I wish you all success in making new achievements and please convey my cordial greetings to all cadres and civil servants in the branch as a whole. I wish you good health, happiness, and progress.

#### Aspects of Recent National Assembly Election 932E0007B Hanoi DAI DOAN KET in Vietnamese 5-11 Sep 92 p 2

[“This Week’s Issue” column by Dinh Hieu: “Looking Back at the Electoral Victory”]

[Text] The meetings at different levels held to review the recent Ninth National Assembly election all affirmed that the organization of the election was a great success. The Central Electoral Council evaluating its results said that they reflected the political awareness and great sense of responsibility of our people toward the country, and the active contributions of the Vietnam Fatherland Front (VFF) at all levels, mass organizations, and organizations in charge of electoral work. The successful election clearly proved that our people supported the party’s line on renovation and stability and centered their hope on this highest representative organ of power.

Throughout the country, 99.12 percent of voters—the highest percentage in the world—went to the polls. Only less than 1 percent (.96%) of the votes was invalid. All electoral units, except two where reelection would take place, voted for the right numbers of deputies they were

entitled to, with the numbers of votes cast for winners generally exceeding 60-70 percent. The election generally took place in accordance with the law and in an atmosphere of order and security, with solemn and careful organization, propaganda, and campaigning before election day being quite high-spirited. There was progress in terms of renovation and democracy. There were new faces among the candidates, with only one-fourth of the elected candidates being incumbent deputies running for reelection; voters' conferences had been held in places of work and residential areas to hear candidates' opinions; the job of introducing candidates to voters and organizing their contact with one another had been done better. According to reports, more than 100 teams of candidates had met with voters in more than 1,500 rallies attended by nearly 300,000 people, among whom more than 10,000 had expressed their opinions.

Through the actual results of the election, we can make this observation: The people this time selected those persons who have intelligence, capabilities, and knowledge, for 56 percent of elected candidates have undergraduate and graduate degrees; in the capital city, two intellectuals are physicians; professors and Ph.D.'s received the highest numbers of votes. On the other hand, quite a few candidates who were members of mass organizations were elected with votes averaging 60 percent, with some of them failing to be elected; a number of local leading party cadres were elected but they failed to get the numbers of votes that would have bespoke the party's absolute prestige. That was an evidence that the people would ask for more from renovation of the mass organizations' activities, as well as from renovation and reorganization of the party. Representatives of the industries accounted for only 4.8 percent of elected candidates, and the fact that no industrialists and small industrial and handicraft producers were elected bespoke the troubles that still existed in industry and the development of the five-component economy.

What was new in this election was the presence of self-appointed candidates, but because of a lack of active leadership and development, and because of the tendency to fear complicated situations and an absence of confidence in the people, most of them had been eliminated because of procedural problems and none of them were elected. Under our country's historical conditions, the fact that Communist Party members held a strong majority in the National Assembly was natural and understandable, but what deserves our pondering was the fact that the numbers of non-party members had not increased as much as the party leadership had wanted. Another aspect that needs to be studied was why the number of persons holding power in the state machinery had not decreased in the makeup of the new National Assembly. Here and there there had been evidence of forcing and being rigid in the selection of people to run for election, or forcing voters to go to the polls early to get emulation awards, or organizing superficial and formal contacts of candidates with "the great constituency" mostly consisting of cadres, party members in

charge of committees and sectors, and retired cadres, rather than with the common people. Noteworthy was the fact that some rules were inappropriate and incomplete, and the VFF committees in a number of provinces had not actively played their role of negotiating to make lists of candidates.

Democracy is a process of gradual widening and heightening, and requires learning. Democracy is the companion of renovation and, if correctly and openly led, will surely act on unity, stability, and development. Therefore, on the basis of the success in the election of the Ninth National Assembly, let us raise this question: In spite of the short period of three months to prepare for the election after the approval of the two laws on electoral organization and the election, could we have obtained better and more democratic results in this election? We could have, if the view on renovation had been better understood at all levels and in all sectors, if we had had strong confidence in our people's great potential. And we think this could have been more beneficial in terms of both internal and foreign affairs.

#### VFF Reviews Work in National Assembly Election

932E0007A Hanoi DAI DOAN KET in Vietnamese  
5-11 Sep 92 pp 1, 2

[Article by Ngo Cuong: "Reviewing Work of Fatherland Front in Election of Ninth National Assembly Deputies"]

[Text] "In the ninth National Assembly election, the Vietnam Fatherland Front (VFF) showed a great sense of responsibility toward the people and national development, overcame all difficulties, and actively joined with the Central Electoral Council and the organizations in charge of electoral work at different levels in brilliantly fulfilling the assigned tasks" (statement by Chairman Vo Chi Cong).

In two days, 25 and 26 August 1992, the VFF Central Committee held in Hanoi a conference to review the work the VFF did in the election of the Ninth National Assembly. Nguyen Huu Tho, chairman of the Presidium of the VFF Central Committee; Le Quang Dao, chairman of the National Assembly; Pham Van Kiet, vice chairman and secretary general of the VFF Central Committee, presiding over the conference; representatives of the secretariat and organizing committee of the government and of the Central Electoral Council; and representatives of many central and Hanoi committees and sectors attended the conference. Chairmen and vice chairmen of provincial and municipal VFF chapters from all over the country also were present.

Chairman Nguyen Huu Tho opened the conference. Vice Chairman Pham Van Kiet read a report reviewing the VFF work and its results in the recent important political activity. He focused on a number of major points, particularly the negotiations leading to the selection of candidates, and made it clear that the negotiating task

was very important and difficult because the amount of work involved had been very large and, in some localities, runoff people's council elections had to be held and completed within an extremely short time. The requirements for the selection of deputies had been set at high levels; while all criteria had to be satisfied, action had to be taken to ensure strict adherence to the prescribed mechanism, democratic principle, and law, and to be in time. Nevertheless, the provincial and municipal VFF committees all basically fulfilled the requirements in the negotiating task as dictated by the law, kept up with the rate of progress intended, practiced democracy, and obtained greater quality than in the previous National Assembly election. The fact that they completed such an important and complex work in every step taken and in every part of it while having very few cadres, little means, and poor conditions was something we should be happy about and commend. It was obvious that in this election the VFF at all levels made great efforts, became immensely mature, and had virtually no so-called "buffer" candidates. The electoral atmosphere was democratic and relaxed; the close link between deputies and voters in terms of responsibility was strengthened. However, the election still encountered negative aspects and shortcomings, such as numerical mandatory limits and control from the beginning, or failure to let more persons to run in the election. As to the self-appointed candidates, the fact that they had not discussed carefully about the election, had adopted different views, and had let themselves float did not help any of them to be elected, which eventually aroused unfavorable opinion among the people.

Everywhere there were regrettable shortcomings in the distribution of candidates. Some candidates who are from the worker class were sent to rural areas; others who were active in one ward were sent to run for election in another ward. As to the people who took part in the negotiations, the implementation of the rules about them was far from uniform. There were candidates who were management cadres and were elected, but the public still discussed about them, complained about their character, and suspected that they had been corrupt. When there was a shortage of delegates and action was needed to get additional ones, even those delegates who had not received more than 50 percent of the votes were accepted. Contact between voters and candidates this time was broader and qualitatively better, with voters requiring that candidates have clear-cut programs of action and the ability to carry them out. The VFF in many localities was very creative in organizing meetings, where voters were able to propose many ideas in a faithful, frank, and constructive manner.

VFF delegates from the localities by turns enthusiastically expressed their opinion and agreed that, as an overall evaluation pointed out, the election was a success and another step toward our people's political maturity. Through the election, once again the role and responsibility of the VFF were considered very great and important, and commensurate with the trust of all people, with VFF cadres having obviously become more mature.

The delegate from Can Tho: "In our locality, our people voted correctly, in large numbers, quickly, neatly, and safely. It was a test of the will of the people toward the party. Here the VFF role was outstanding and very beautiful in regard to coordinating its work among members. Through the election, the VFF bases were moving forward strongly, particularly at the grass-roots level."

The delegate from Ba Ria-Vung Tau: "To be free to run for election was something new that our people have not been familiar with. Had we overcome the shortcomings, the election could have been much better. The workers on oil-drilling platforms were allowed to vote first; in the 'hot' spots, where delegates used to be 'dropped,' because we came to work with the people, we were able to obtain better results than what our goal called for."

The delegate from Dac Lac: "Our province is in the highlands and has a very long border where the situation was very complicated, with the FULRO [United Front for the Struggle of the Oppressed Races] gangs urging young people to leave the jungle and deliberately spreading false news about what they were prohibited to do. But because the VFF had gone to every village, every family, and every citizen to talk to them, finally members of ethnic minorities went to vote early and scored better achievement than other groups."

The delegate from Nghe An: "The more democracy was widened, the higher the degree of unanimity was registered. Here the VFF actually worked for the broad party guidelines and reduced the number of candidates from 62 to the set ceiling, and yet everybody was happy and satisfied, and there were no complaints nor any legal suits."

The delegate from Ho Chi Minh City: "It was obvious that the election was a success, for which we are happy for the country, and that this success came from the will of the people. In our municipality, even the dissatisfied people felt that we should defend this system."

The delegate from Thua Thien-Hue: "The election was renovated; it was a form of popular proselytizing. The VFF shouldered that important job. At the peak of the election, VFF cadres worked around the clock and did not complain. Perhaps the weakest link was propaganda and learning about regulations. We think we have to mention this so that we could avoid it in the future."

Addressing the conference, National Assembly Chairman Le Quang Dao praised many localities for having resolved in time many of the people's urgent needs. He pointed out that the objective of the conference's reviewing task was to supplement and improve the existing regulations and laws and to gain precious experiences to benefit the future election of people's councils and of the 10th National Assembly.

Addressing the conference's closing session, State Council Chairman Vo Chi Cong strongly praised the VFF's great efforts and achievements. He emphasized,

"The VFF showed a great sense of responsibility toward the people and national development, overcame all difficulties, and actively joined with the Central Electoral Council and the organizations in charge of electoral work at different levels in brilliantly fulfilling the assigned tasks."

Closing the conference, Chairman Nguyen Huu Tho affirmed that the VFF had scored a great achievement and had gained a rich experience in the work it was doing in the election of the ninth National Assembly. The opinions based on reality that its delegates from different regions had expressed at the conference proved that point. The hope was that these precious achievement and experience would be further developed and applied to the VFF's new activities.

#### **Grass-Roots Base Needs Further Consolidation**

932E0006A Hanoi DAI DOAN KET in Vietnamese  
15-21 Aug 92 pp 1, 2

[Article by Dinh Hieu: "A Major Lesson of the August Revolution—Building a Broad Mass Political Base"]

[Text] We all know that the August 1945 Revolution, which took place at a fast pace in a period of one-half month, resulted in a seizure of power throughout the country, from the most remote hamlets to the large leading municipalities. That was an all-people general uprising in which the mass political force played the principal role, with the support of the then-still-small armed forces. At that time, there were only about 5,000 communist party members (2,000 of them were still in jail) and a few thousand guns, but members of the national-salvation mass organizations within the Viet Minh Front, who had been showing very high revolutionary enthusiasm, very broad national solidarity, and very widespread political reputation, numbered in the millions, a factor that allowed them to seize the right opportunities and to succeed in their undertaking.

The victory of the August Revolution, in good part, thus began with the building of a solid political base among the people.

That was one of the major lessons of the August Revolution having an extremely important topical significance for our country's present situation.

There is a real situation that everybody should admit: Today the Ho Chi Minh Communist Youth Union, Women's Association, and so on are mostly empty at the grass-roots level, operate at reduced pace or just formally, and have no substance; this is true particularly in the highlands, where except for some residential areas which were targeted for useful activities these mass organizations seem totally absent. According to a Farmers' Association leader, to say that 70 percent of our agricultural cooperatives exist just formally is correct, but to say that 30 percent operate quite efficiently is too optimistic. The hard-core leading role of many party chapters is poor, particularly in rural areas where they

are plagued by within-the-party, land, and clan-rivalry contradictions. Positions and policies are not thoroughly disseminated among the people. A court cadre in Ha Tay Province said that holding trials was not very difficult, but the most regrettable thing was the fact that court decisions, particularly those involving civilian suits, would not be carried out by localities. Some district and provincial leading cadres in Bac Thai Province, the former revolutionary and resistance base area, made an evaluation of many localities in their province and pointed out that they no longer had any cooperatives and that more than half of them showed no evident activities of mass organizations, with members from villages often failing to take part in district meetings for as much as six months. According to statistics, there are 120 hot spots in hamlets throughout the country, where bitter interest disputes either exploded or could easily explode into unorganized acts; this figure does not seem very accurate because in Hai Hung Province alone there are dozens of hot spots that have not yet been properly resolved.

It is obvious that presently there remain at the grass-roots level quite many problems that need to draw our attention to; first of all, as the August Revolution lesson points out, we should pay attention to consolidating the mass political base.

At the time of the August Revolution, the professional revolutionary cadres or party members who had escaped from jail had to live among the mass of people, to create bases for themselves, and to establish mass organizations in order to have a force that would support them in the struggle, or at least to have a place to hide and to be fed. The loss of such bases then would be tantamount to being separated from one's mother and exposing and offering one's life to the enemy. Today, under the conditions of the party being in power, the method to be used to do our work must naturally be different; however, we are really witnessing an excessive practice—too many conferences, seminars, festivals, reviews, ceremonies, receptions, medals, rewards, aid items, gifts, and so on—from top to bottom, sometimes too costly and elaborate. These are necessary things to have, provided we know when to stop these outward aspects of the movement and do not let them go too deeply in the bases and in activities of the people. The people now do not really appreciate pompous visits in their localities by officials, who would ask them questions without having any real concern but pretending to do just the opposite, when their urgent needs do not receive any positive response.

The fast building of the Viet Minh base at that time was successful because we had adopted the slogan, "Let us seize the enemy's paddy storage and divide it among poor people," at the right moment when a terrible famine was raging. To go along with the revolution would be appropriate and also mean having food to eat. I think that to consolidate the mass political base today must also start from the economic aspect and therefrom expand into total renovation. We must combine the

market economy with implementing social policies as a condition for having stability and development.

The recent 3rd Plenum of the CPV [Communist Party of Vietnam] Central Committee, in evaluating the situation, believed that there remained many tough challenges and stressed such tasks as maintaining security and national defense; carrying out the renovating efforts; reorganizing the party and mass organizations; and fighting bureaucracy, aloofness from the people, and corruption. As we apply the lesson of the August Revolution, first of all we need to consolidate the grass-roots mass base in order to carry out the above-mentioned tasks.

## ECONOMIC

**Premier's Letter to National Finance Conference**  
**932E0005A Ho Chi Minh City TUOI TRE**  
**in Vietnamese 10 Sep 92 pp 1, 2**

[Article by NA]

[Text] In a letter sent to the National Finance Conference held on 8 and 9 September in Hanoi, Council of Ministers Chairman Vo Van Kiet reminded the conference to discuss the matter of maintaining revenues to pay ordinary expenses and repay foreign debts and to expanding foreign financial relationships in order to obtain loans for investment and development.

According to this letter, in 1993, the sector will renovate the budget management system, abolish some of the regulations, concentrate most revenues in the central budget in order to satisfy the general needs of the country, and give the localities some of the revenues and issue funds from the central budget so that the localities can take the initiative in managing the local budget. The accounting work and the voucher, receipt, invoice, and tax declaration form systems must be reorganized in the commercial activities of enterprises and individuals. Tax collection management must be improved, import and export sources must be checked closely, and people must participate in opposing smuggling and corruption. Financial auditing must be reorganized and audits must be expanded in order to organize the financial audits of the state and publicly reveal business results and individual incomes.

All of these things must be carefully regulated and used in accord with the unified law promulgated by the National Assembly and Council of Ministers. There must be an end to the situation in which local sectors and administrative organizations generate revenues themselves to pay expenses, which violates the financial laws and harms the nation's financial security and country's economy.

**Voters' Suggestions to New National Assembly**  
**92SE0370A Hanoi VIETNAM NEWS in English**  
**16 Sep 92 pp 1, 2**

[Text] What voters nationwide are looking forward to in the first session of the newly-elected National Assembly, the ninth so far in modern Vietnam's history, is deputies' response to suggestions from their electorates on the worsening situation in the fight against smuggling and social ills, as well as care for the well-being of low-income groups, according to the daily QUAN DOI NHAN DAN (People's Army) on Tuesday.

The paper said the NA [National Assembly] session, scheduled to last for three weeks, is expected to pass, among other things, new specific resolutions addressing these problems which have long triggered public skepticism about government's efforts at solutions.

The first thing voters want to hear from their elected representatives is how the session, expected to begin next Saturday, sees fit to cope with smuggling, the persistence of which has put many domestic producers out of business and caused great losses to the state budget. One reason for government failure to curb smuggling is the broad participation of employees in the governmental sector in illicit business transactions. Task force teams set up several years ago as a last resort by the government in the protracted fight against smuggling, have caught red handed seven out of the eight freighters owned by SEAPRODEX shipping illegal imports in the last eight months of this year, according to the Central market Control Department. The task force also detected lorries with red plates owned by members of regional armed forces in southern provinces transporting timber without permit and smuggling foreign-made cigarettes in from Cambodia. Incomplete statistics released by the Central Market Control Department showed that in the last six months more than 55,000 cases of smuggling were uncovered. Fines and confiscated goods amounted to 15 billion dong (roughly 1.5 million dollars). Illicit sales of imported cars were considered the most serious case recently exposed in Ho Chi Minh [HCM] City. This organized car smuggling line running from HCM City to Hanoi and to Lang Son town on the Sino-Vietnamese border (for cross-border transactions) involved more than 100 drivers. Each day tens of new cars, most of them Japanese makes brought in from Cambodia with temporary import permits, changed hands at several bustling car free markets in the city.

No mention is made of massive influx of consumer goods and production materials made in China and Thailand that have relegated the newly revived production in the country to a deplorable position in the domestic market. Thus, unsold goods produced by both heavy and light industries has amounted to 350 billion dong (about 3.5 million dollars) since early this year. At a seminar entitled "For the Protection of Domestic Production" sponsored last month by the daily Saigon Giai Phong (Liberated Saigon), domestic producers said that massive imports, illegal and duty-free alike, had not

only caused trouble to domestic producers but also further aggravated widespread social ills stemming from growing unemployment rate. The participants were of the view that the new National Assembly should immediately amend production-related policies to further protect and promote domestic production.

Also mentioned by voters is the need to restore social order. QUAN DOI NHAN DAN said everyone, regardless of their social status, must be equal before the law. It cited, as a case study for strict observance of law, the recent dismissal and admonition of dozens of policemen and officers from the HCM City police Department in Tan Binh Precinct for involvement in smuggling worth millions of dollars.

It is undeniable that social division between the "haves" and the "have-nots" is becoming more distinct, given the current shift to a market-oriented economy in Vietnam. Yet, some of the "newly-affluent" who are emerging are notoriously associated with corruption and other social evils, the paper said. It added that the new National Assembly should exert its elected power to minimize the bad impact of corruption, drug addiction and other ills on the livelihood of the population, especially low income groups of educational medical workers, pensioners and those in the security and armed forces.

Voters requested that their deputies should agenda at the first session outstanding issues in the resolution adopted by the last National Assembly, such as readjustment of salaries and wages, and increased subsidies to pensioners and those in the security and armed forces for better living conditions.

#### **Finance Vice Minister on Solving Debt Problem**

*932E0005B Ho Chi Minh City TUOI TRE  
in Vietnamese 15 Sep 92 p 3*

[Interview with Finance Vice Minister Ly Tai Luan by Bich Vi; place and date not given]

[Text] [Vi] How are the targets of the second stage of the national debt repayment program different from those of the first stage?

[Luan] In the first stage, we tried to solve the debt problem using financial and credit measures. In the second stage, we must clarify the reasons for the debt problem and deal with these using many synchronized measures, including legal measures. The directive issued by the chairman of the Council of Ministers states that during the second stage, "those who have made use of the loopholes in the measures for the sake of personal gain must not be allowed to escape net of the law." According to a joint Ministry of Finance and State Bank circular, the second stage will classify and examine the legal-person qualifications of the economic units and the qualities and capabilities of leaders and coordinate the implementation of Council of Ministers Decree 388 in order to reorganize the state enterprises.

[Vi] Is there anything new with respect to the targets and methods of paying off the debt during the second stage?

[Loan] The scope of public debt repayment during the second stage encompasses domestic debts (using both Vietnamese and foreign currencies) concerning buying and selling commodities, providing services and credit, contributing joint-venture investment capital and budget receipts, and so on. These debts must be based on various economic contracts, loan agreements, pledges, mortgage guarantees, trading documents, public debt balance notes, payment pledges, decisions of the organizations responsible concerning disputed debts between units that have not yet been implemented, the existing general ledgers of the units, and so on.

The debt payment targets are all of the overdue debts as of 30 April 1991 owed by state enterprises (that have gone out of business or that are still in operation) to other state enterprises, private enterprises, the budget, and banks and the debts by private enterprises (including mass organizations and individuals) to the state enterprises, budget, and banks.

As for methods to pay off the debt, in the second stage the key method will be to list and temporarily manage the assets of the private enterprises and individuals who have debts but who can't pay their debts and to organize the recovery and sale of the assets of the debtors in order to pay off the debts. The debts of the state enterprises that can pay their debts will compensate for each other (based on the compensation methods in the second stage). Compulsory measures will be used in the case of units that cannot pay their debts. State enterprises that are in debt to state enterprises that have gone out of business will be given bank loans that must be paid in accord with the credit measures currently in force, and receipts must be included in the asset write-off accounts of the enterprises that have been disbanded.

The state enterprises that are in debt to other enterprises must first pay using their existing sources, commodity materials, fixed assets, and work means. The bank will consider loaning them the rest.

When handling compensation, the state enterprises that are still in operation or that have ceased operations and that have accounts receivable that they can't collect or that have run up debts for objective reasons must record this in the profit-and-loss statement of the creditor. Other measures will be used to deal with subjective reasons (such as negative signs, corruption that has led to the loss of assets, circular trading, losses due to weak management, violations of principles, the use of current financial measures and bank loans contrary to the goals, and so on) and private enterprises that were not established in accord with the organizational guidelines.

In these cases, any private unit that stands guarantee for another unit or individual who borrows money or engages in trading activities is responsible for paying the debt using the assets of guarantor. The guarantor is responsible until the debt is paid in full. Organizations or

sectors that are directly in charge of units and that issued directives to establish or disband a unit are responsible for paying the debts. In cases in which there have been negative phenomena, an investigation must be conducted regarding who is responsible.

[Vi] Who bears primary responsibility during this stage?

[Loan] The chairman of the Council of Ministers has made the minister of finance, who serves as the vice chairman of the Debt Repayment Committee, and the general director of the state bank responsible for managing this phase. As for the debt repayment guidance apparatus, the central echelon will provide additional manpower from the Economic Arbitration Unit, the Ministry of Interior, the Ministry of Defense, the Ministry of Justice, the State Inspection Commission, the Organ of Control, and the Supreme People's Court. The second stage will conclude in March 1993.

#### Official Interviewed on Foreign Banks

922E0196A Ho Chi Minh City TUOI TRE  
in Vietnamese 30 Jun 92 p 3

[Interview with Nguyen Duy Lo, the deputy director general of the Vietnamese Foreign Commerce Bank (Vietcombank), by Phuc Tien; place and date not given]

[Text] Six foreign banks have been given permission to open branches in Vietnam. On France's National Day on 14 July, the French Indosuez Bank will open a branch in Ho Chi Minh City. At the same time, almost 10 more foreign banks have requested permission to open branches here. What effect will the presence of foreign banks in Vietnam have? That was the topic that we discussed with Nguyen Duy Lo, the deputy director general of the Vietnamese Foreign Commerce Bank, who also serves as the director of the Vietcombank branch in Ho Chi Minh City.

[TUOI TRE] Is allowing foreign banks to open branches in Vietnam a long-term unified policy?

[Lo] Two years ago, a state banking order authorized the establishment of joint banks and foreign bank branches in Vietnam. This policy is part of the government's open-door monetary policy. We welcome foreign banks to Vietnam for the sake of cooperation and mutual profit. This is a unified and stable long-term policy.

[TUOI TRE] How will this benefit Vietnam?

[Lo] Our No. 1 target in allowing foreign banks to open branches here is to promote cooperative commercial relations with the countries represented by those banks. Those banks will certainly provide active support in getting corporations in their country to carry on operations in Vietnam. With banks of great size and influence on international markets, the effect on international investors will be greater.

On the other hand, each foreign bank that opens a branch in Vietnam will have to bring in at least \$15

million in operating capital. That will be a source of investment capital to develop Vietnam's economy through loans to foreign economic units, joint enterprise units, and domestic units.

[TUOI TRE] But won't these foreign banks become "fearsome" competitors of Vietnamese banks?

[Lo] I don't think so. Competition between those banks and us is wholesome. In the past, our foreign commerce banks had a monopoly, and when customers came, they couldn't serve them. Now, customers will be dispersed, and because of this, Vietnamese banks must improve their operations and the quality of their support in order to keep their customers. I think that the Vietcombank has the knowledge and means to do things at the same level as foreign banks.

Something else that is important is that these foreign banks will cooperate with our banks in order to invest in developing the economy.

[TUOI TRE] In which spheres will they cooperate and what benefits will we derive?

[Lo] First of all, they will cooperate in the sphere of financial aid and insurance. Recently, the Vietcombank has not had the ability to insure credit for all the joint enterprise units. If foreign banks participate in providing insurance and making loans, the credit risk will be lower. Reality has shown that if there is only one bank to support a business, that is bad planning.

Several years ago, the Vietcombank borrowed money from Japan for our government. Even though that was just a small loan, amounting to about \$10 million, Japan arranged for 15 banks to cooperate in making the loan in order to reduce the risk. Recently, the Vietcombank loaned a joint enterprise money to repair the IMEXCO building. In the near future, if foreign bank branches participate, the Vietcombank will be able to get back some of its money in order to make loans to other places.

The foreign banks will also cooperate with our banks in the foreign currency sphere. The participation of their foreign currency funds in Vietnamese markets will contribute to stabilizing the relative value of the Vietnamese dong and help satisfy the foreign currency needs of import-export activities.

Besides this, the foreign banks are prepared to help our banks in the sphere of training. For a long time, 90 percent of the people who work at their branches will be Vietnamese.

In short, I don't see any reason to worry about foreign banks participating in activities in our country. This should be viewed as an opportunity to promote domestic banking activities. Through the activities of the foreign bank branches, the state will gain the experience needed to solve the problems afflicting Vietnamese banks.

[TUOI TRE] Will many more foreign bank branches be opened in the near future?

[Lo] Before the state bank gives a foreign bank permission to open a branch some place, it examines and considers things very carefully. It certainly won't allow a large number of branches to be opened all at once.

Indonesia, from what I understand, recently allowed foreign banks to open 30 branches. Other countries always give attention to local banks. Our banking law has affirmed that the Bank of Investment and Development, the Industrial-Commercial Bank, the Foreign Commerce Bank, and the Vietnamese Agricultural Bank are the four leading banks of the country. The other share banks, including joint-venture banks and foreign bank branches, are satellites that carry on varied activities in the banking sphere.

[TUOI TRE] Can Vietnamese economic units open accounts at foreign bank branches?

[Lo] According to the banking law and the guiding regulations of the investment law, besides opening accounts at the Vietcombank and Vietnamese commercial banks that handle foreign currency transactions, domestic economic units and joint-venture units can open accounts at foreign bank branches.

The state bank has now done away with the regulation that stipulated that business units could open an account at just one bank in order to satisfy their capital management requirements. The problem is that the banks will regularly inform each other about the risks in order to maintain safety in credit investments.

[TUOI TRE] Do the foreign bank branches have permission to deal in the Vietnamese currency?

[Lo] For the long term, the foreign bank branches will operate in every sphere just like a Vietnamese commercial bank. However, that must be implemented gradually. In the immediate future, their branches will be allowed to deal only in foreign currencies.

#### **Article on New House, Land Tax Ordinance**

92SE0371A Hanoi VIETNAM INVESTMENT REVIEW in English 24-30 Aug 92 p 2

[Article by Nguyen Tri Dung]

[Text] In mid-August 1992, the Vietnamese state issued an ordinance on house and land taxes under which from now on all organizations or individuals who possess land for dwelling or for construction have to pay land tax.

Speaking to press, Vu Mao, chairman of the National Assembly and the State Council office, said though the ordinance on house and land taxes was already issued, in the present situation, the Vietnamese state has not yet stipulated regulations or collected house tax.

Under the latest constitution adopted by the National Assembly, land remains the people's property, which is

controlled by the state. However, land use has become more and more complicated making state control increasingly difficult.

Land is distributed without notice among almost all services in big cities or rural areas and for nearly three decades land management has been neglected.

Under the newly issued ordinance all organizations and individuals directly using land for dwelling or construction purposes have to register their land with the tax agency, and also under this ordinance, any changes in land ownership or land acreage must be registered with the tax office within one month from when the change occurred.

Mr Mao further said the newly-issued ordinance is very necessary and tight. Under the law on land, land is a common property of the entire people and is not to be sold or bought.

But in reality a bustling real state market is going on under a number of disguised forms.

So far people are only allowed to sell and buy houses or fruits of the land but not the land itself. But now more and more people look to buy worn-out houses as building prices increase, because they are in fact buying the land use not the house. This creates an "underground land market" beyond state management.

A number of administrative offices who have the power to "distribute" land or even those who are not empowered to do so, also provide or sell land, contributing to the deprivation of public employees.

The ordinance on house and land taxes is also aimed at checking this trend and ensuring the State's right to control and manage land.

Under the ordinance, land in the district towns, provincial capitals and cities is subjected to tax equal to three to 25 times the highest level of agricultural tax in the region. The actual level of tax depends on the position of the town, provincial capital or city.

Land in mountainous regions is subject to land tax equal to the agricultural tax on land in the region. Midland tax is 1.5 times the agricultural tax of the same kind of land in the region, and land on the plains is subject to tax double that of the agricultural tax for the same kind of land in the region.

The ordinance also stipulated that no tax is imposed on land used for public interest, social welfare or charitable purposes, on land used for worshipping of different religions.

All diplomatic offices, international organizations and foreign individuals using land in Vietnam for dwelling or building offices have also to pay tax. There will be further stipulations for typical cases concerning international treaties of which VND is a signatory.

In case of a joint venture, a Vietnamese partner has to pay land tax if it is allowed by the state to contribute as prescribed capital the right to use land.

Also under the ordinance, all regional tax agencies are responsible for tax collection. The annual tax is paid in two installments, the first no later than April 30 and the second due by October 31 of the same year.

Temporary exemption from tax is applied for land used for state administrative offices, social organizations, cultural projects or for security and national defence purposes.

Other beneficiaries of tax exemption include seriously wounded soldiers war victim's families, the disabled, orphans and elderly people who have no caretakers.

The ordinance also stipulated that those individuals or organizations who did not obey the regulations for land registry would be fined up to one million dongs and those who falsify registration or refuse to register land would be fined three times the correct tax.

Individuals or organizations who delay payment will incur an 0.5 percent late fee.

Banks have the right to use the money of those organizations or individuals who are late paying, to pay the tax. Where they have no money in the bank, their property will be mortgaged.

#### **Enterprises Losses Due to Strong Dong** *92SE0372A Hanoi VIETNAM INVESTMENT REVIEW in English 24-30 Aug 92 p 6*

[Article by Nguyen Van Phu]

[Text] The recent rise of the Vietnamese currency against the United States dollar has brought huge losses to some Vietnamese trading companies, with some exporters reporting losses of up to several billion dong in the first half of the year.

From a record low of VND 14,000 to one US dollar in December last year the dong rose to less than 11,000 per dollar, where it has remained for several months.

Vietnamese exporters say that in order for them to make profits, the exchange rate must be at least VND 11,300 to one US dollar. When one dollar earned by their exports fetches them less than 11,000 dong they are operating at a loss, except for some rice exporters.

This situation does not only affect traders. According to official sources, HCM City posted remarkable results during the first six months of 1992, including a 20.4 percent increase in industrial production and a 16.7 percent increase in export volume (to US\$231.8 million).

But in July, due to higher production costs and the higher dong, production in the state-owned sector

decreased by 2.5 percent, export turnover fell 1.3 percent and imports dropped seven percent over the previous month.

In July and August, several domestic manufacturers have had to sell their products at a loss in order to beat the competition from smuggled goods. Fabric, sugar, beer, cigarettes, chinaware, glassware, steel products, diesel engines—are selling at discount prices but still cannot fairly compete with untaxed smuggled commodities.

Hong Gam Textile Union's officials say they have 1.8 million meters of fabric and 200,000 assorted towels in stock. To clear their merchandise, Hong Gam has to cut prices between 500-2,000 dong per meter.

The State Bank has tried to keep the rate of exchange above the 11,000 dong level, but at recent sessions at the Foreign Exchange Transaction Center, the demand for the dollar was always lower than the supply.

On August 10, US\$2.4 million was registered for sale, 16 times more than the amount registered for purchase. Although the State Bank used its reserves to buy up the surplus, exchange rates nevertheless fell below the mark.

Economists warn that if the situation persists, export activities could be severely hampered.

#### **Hanoi Consumers Market Examined** *922E0207A Hanoi THUONG MAI VA DU LICH in Vietnamese Aug 92 pp 21, 24*

[Article by Nam Ha: "Looking at the Hanoi Market"]

[Excerpts] The Hanoi market accounts for about 12 to 14 percent of the total amount of social commodities sold at retail in the entire country. The value of foreign goods imported into this market is estimated at no less than 1 trillion dong per year. This is equal to approximately 18 to 20 percent of the retail of social commodities in the Hanoi area. Many specialists assess that about 55 to 65 percent of the volume of foreign goods imported from the North and 35 to 45 percent of those brought in from the South go to other markets via Hanoi. Such volumes clearly show that foreign goods have become a component supplementing the goods fund and soothing the relationship between supply and demand in the Hanoi area and other regional markets.

The categories of foreign goods brought into Hanoi have become relatively stable. They consist of a number of main commodity groups such as beer, assorted fabrics, bicycles, cassettes, chinaware, knitwear, some small means of production, cigarettes, ready-made clothes, sweets, motorcycles and spare parts, television sets, radio cassette recorders.... Recently, there appeared a fairly large number of used goods such as electric fans, television sets, refrigerators... which are rebuilt for sale at low prices to low-income customers. For example,

while a new 14-inch color television set sells at about 3.8 to 4 million dong, a rebuilt one is priced at 1.8 to 2 million dong.

Many specialists give the following estimates of the proportion of some key imported items in the total volumes of goods sold in the Hanoi market:

—**Chinese beer:** About 1.6 to 1.8 million bottles are imported monthly, and the amount sold is 1.2 to 1.5 times that of Hanoi beer.

—**Assorted fabrics:** 60 to 65 percent of thin fabrics and 40 to 45 percent of thick ones are foreign products. Foreign goods account for 10 to 15 percent of ready-to-wear clothes made of woven fabrics and 40 to 45 percent of garments made of knits (50 to 55 percent in the case of children's knitwear).

—**Chinaware for home use:** 30 to 35 percent are foreign products.

—**Stationery:** Foreign products account for 70 percent of pens, 60 percent of ballpoints, 50 percent of carbon paper, 70 percent of stencil paper....

Many kinds of commodities are not produced locally yet, and the consumers' demands for them have been met by foreign goods, such as various kinds of film, cameras.... This proves that foreign goods have satisfied part of society's needs.

The consumption market has screened foreign goods to suit them to consumers' demands. For example: Among the illegally imported foreign cigarettes sold openly, beside the high-grade ones there appeared once a cheap brand called "Parrot"; but after a short time, this brand was no longer circulated in the market.

Foreign goods circulated in the market have had an effect on producers, compelling them to improve the quality of their products, to change their designs, to increase their convenience.... For example: Locally made chinaware formerly sold at the Dong Xuan Market consisted of various kinds of shallow bowls coated with dark grey enamel.... Today, they are all gone, and taking their place are white enamel-coated chinaware decorated with imitation Chinese or Hai Duong flower designs. Many other items such as fans, schoolbags, bags of various kinds, sweets... have also been improved. This has required businesses to change technology, to invest in new equipment... a fact clearly reflected in the food, textile, garment, and other industries.

Has the widespread presence of foreign goods hampered local production? A survey of about 100 common kinds of consumer goods has showed that only umbrellas of various kinds were forced to go out of production and that sales of about 40 kinds of products including bicycles, bicycle parts, and motorcycles partly dropped. The main causes were the still poor quality of these products and encroachment by foreign goods. For the rest of the locally made goods, businesses' production has not been reduced despite the circulation of foreign goods; and the

quality of about 25 to 30 percent of these local goods has improved over the years, such as soft drinks, and sweets....

The real state of the Hanoi market shows that the difficulties caused by foreign goods is only a small factor. On the contrary, what is worth noting about foreign goods is the incentive for promoting the introduction of new techniques and technology in production. Assessing the effects of foreign goods on the Hanoi market, a comrade responsible for market management said: "Foreign goods are not the cause of the sluggishness of local production; they even serve as a supplement to the social goods fund and prod producers into improving the quality of their products. To a certain extent, smuggled foreign goods do create unfair competition in pricing and cause difficulties to the sales of goods by tax-paying businesses.

As pointed out earlier, the largest proportion of foreign goods in the Hanoi market is 30 percent, while most grain and foodstuffs and 70 percent of nonfood commodities are still locally-made products.

In previous years, the state trade sector and marketing cooperatives were the main forces in the market, often accounting for about 60 to 65 percent of the total retail of social goods. Today, after the change of the economic mechanism, the proportion of state trade sales in the total retail of social goods has gradually dropped to 30 to 32 percent (in 1989), 20 to 25 percent (in 1990), and under 20 percent (in 1991). The marketing cooperatives at all levels, which had been credited with 10 to 15 percent of the total retail of social goods in the previous years, accounted for only about one percent of it in 1991. Thus, this force has been almost elbowed out of the goods circulation process.

The private economic sector has developed fairly vigorously. The number of households taking part in business in 1991 increased almost by 1.2 times over 1990. Before 1988, 41.4 percent of households in Hanoi engaged in business; after that year, 58.6 percent of them did so. According to management agencies, the number of private traders taking up business will continue to increase.

The retail outlet system of private traders is fairly extensive. [passage omitted] With more than 50,000 households engaging in business, the number of direct salespeople must be 100,000. If the service labor, which averages 1.2 to 1.5 persons for each household, is added, this work force would be hundreds of thousand strong, several times larger than that of the state trade sector. [passage omitted]

In Hanoi, there are 227 households trading in gold, silver, and precious stones, with some households owing two or three stores; 285 households dealing in oriental pharmaceuticals; and more than 760 households selling modern drugs. Initial surveys have showed that in Hanoi there are 45 households engaging in boardinghouse and minihotel business, which is still developing.

The private trade sector has also participated in the import-export business at a fairly high growth rate. Development of this business began with the trading in ready-made clothes and fine arts products. According to statistics on business conducted through the Hanoi port of entry, the non-commercial exports equaled 18 to 20 percent of the commercial ones in 1991 and 22 to 24 percent in the first six months of 1992, while the non-commercial imports amounted to 23 percent of the commercial ones in 1991 and to 51 percent in the first six months of 1992. A comparison between the two periods shows that the volume of non-commercial exports in the first half of 1992 equaled 123.4 percent of that in 1991 while the volume of non-commercial imports in the first half of 1992 equaled almost 150 percent of that in 1991. In the first six months of 1992, the volume of garments made on contract and exported along with people going to East Europe amounted to 998.7 tonnes, equivalent to 79 billion dong.

According to a survey, on the average each private individual engaging in trade has 3.7 to 4 million dong and those belonging to a higher bracket have 50 to 70 million dong each. Generally speaking, the capital turnaround rate of the private trade sector's capital is 1.4 rounds/month, while that of the state trade sector's capital is 0.55 round/month. The turnaround rate of the private sector's is 2.0 rounds/month and of the state trade sector's is 0.8 round/month. [passage omitted]

Of the total sale volume chalked up by the state trade sector (comprising the central and local state-operated trade services), nearly 70 percent are accounted for by wholesale (almost 85 percent by the central state-operated trade service), 24 percent by retail, and about six percent by the food catering, service, and tourist industries. In the private trade sector, retail is credited with 84 percent of the total trade volume, of which private trader households account for 57 to 60 percent, the service industry for 10 percent, and the food catering industry for 30 to 37 percent.

Concerning commodity branches, because state-run trading units operate by concentrating on wholesale to reduce the number of articles they deal in, there has appeared a situation in which private individuals are almost the only dealers in many groups of commodities, such as vegetables, imported bicycles, most electronics, motorcycles and spare parts, and various groups of low-value and cumbersome goods involving long-distance shipment such as household plastic utensils, briefcases, bags of various kinds.... According to an experimental survey at the Dong Xuan Market, private traders deal in 85 to 90 percent of the goods sent in from the South and 60 to 65 percent of the goods coming from Haiphong. About 40 to 45 percent of the volume of common articles retailed at this market such as plastic goods, blinds, bags... are goods bought by state-run trading units at the "Dong Xuan Corporation" for resale.

The above was a general picture we got when looking at the commodity market and trading forces in the Hanoi area. An observant person can see very clearly that the private trade sector is the main force that influences consumers here, while only a small component of the state trade sector has such an effect. Is this not a factor worth reflecting upon?

#### **Smuggling Plague Continues To Create Dilemma**

*92SE0349C Hanoi VIETNAM INVESTMENT REVIEW in English 10-16 Aug 92 p 2*

[Article by Hoang Tat Dat]

[Text] In July 1992, the market controlling forces have discovered and settled 4,594 cases of breaking the law on tax, market management and good quality, according to the news of the Central market Management Board.

Smugglers at the Northern border imported bottled beer, electric fans, bicycles, cloth, readymade clothes and sundries. Goods exported included copper, nickel, manganese and recently automobiles.

On the West and South-west frontier, goods smuggled in included: cigarettes, wine, canned beer, electronic household appliances, ready-made clothes, medicines, cosmetics, and increasingly, motorcycles.

Out of the above cases, some outstanding instances follow: the customs and police in Ho Chi Minh City have discovered a contraband outlet for gold and foreign currencies. During the first half of 1992, US\$97,000 and 6 kilograms of gold were discovered being carried out of the country. At present, the controlling forces are keeping US\$72,000 and 4 kilograms of gold for settlement.

The market management board in Son La has arrested 44 opium smugglers, and confiscated 187 kilograms of opium.

Police in Nghe An province have arrested a group of armed opium smugglers, confiscating 25 kilogram of opium and a gun.

#### **Smuggling Continues To Drain National Revenue**

*92SE0349A Hanoi VIETNAM INVESTMENT REVIEW in English 3-9 Aug 92 p 8*

[Article by Phuc Tien]

[Text] Smuggling remains a major problem for Vietnam with hundreds of millions of dollars of lost revenue annually. Reporter Phuc Tien asks Trade and Tourism Minister Le Van Triet how the issue can be addressed.

**Why are foreign goods imported across the border in unlimited quantity?**

There are smuggling and anti-smuggling activities throughout the world. Goods imported into our country through official channels pose no great problems. But

goods smuggled into our country through different routes in large quantity are adversely affecting production and society. This is a problem for which the government has initiated a great number of solutions and measures. But observation of these has not been strict and they have not had much effect.

I think the situation of unchecked imports of goods originates from various causes. We must identify the more important ones in order to fight smuggling more effectively. For example:

- Our law and legal documents are not yet complete but even the existing ones are not strictly observed.
- Taxation is a very important tool for administration management in production, circulation and external trade. But some of the tax rates in the newly-promulgated trade tariffs are not reasonable. They do not reflect our policy or production and export encouragement and at the same time do not guarantee the policy of domestic production and protection of consumer's interests.
- Our concept of domestic production protection is not yet rational and there are still debates concerning the concept of business in a market economy.
- In particular a fundamental cause is the situation of unchecked formation of business and service organisations.
- The sense of responsibility, objectives and effectiveness of a great number of entrepreneurs in their business activities is not clearly defined, resulting in a lot of enterprises paying too much attention to immediate gains. These people will do anything to reap profits at the expense of the general interest of society.
- In addition, the situation of unchecked imports through border trade is also caused by the lack of a serious, basic study for an external market policy, while the monitoring of goods and people crossing the border is quite loose.

#### **What has the Ministry of Trade and Tourism done to stop unrestrained imports of foreign goods?**

There are measures that require close and long-term coordination among concerned governmental bodies, including:

- Compilation of all necessary legal documents that would be passed by the government and the National Assembly to create a legal framework for the task of state management, which at the same time will create a legal environment for enterprises to do business in accordance with current laws.
- Re-organisation of enterprises, facilitating the formation and business operation of more enterprises in a lawful manner.
- Perfecting existing policies (such as taxation, pricing, production protection) to make them more suitable to current conditions as well as the demands of society.

However, there are tasks that the Ministry of Trade and Tourism together with other ministries must implement immediately, including:

- Adjustment of unreasonable tax rates for imported goods that are causing obstacles to domestic production and trade.
- Guidance for enterprises to do business in accordance with general practice and with trade agreements that have been signed with concerned countries.
- Re-organisation of cross-border trade and travel through border passes.
- Stepping up the task of market supervision, inspection against smuggling and strictly castigating any detected cases.
- Supplementing effective management measures suited to present conditions including clear-cut policies towards imported goods, to prevent confusion between non-trading and trading commodities, which has been made use of by smugglers. Suggestions must be submitted to the Council of Ministers to authorise temporary bans on certain imported or exported goods according to international practice.

This must be based on domestic production and the relation between market demand and supply in order to guarantee circulation of goods and protect domestic production.

#### **Article Comments on Antismuggling Activities**

*922E0206A Hanoi THUONG MAI VA DU LICH  
in Vietnamese Aug 92 pp 3, 4*

[Article by Thanh Tung: "Stopping Contraband"]

[Excerpts] Over the past few years, smuggling has developed fairly strongly and at a faster pace than other economic activities. The value of contraband has amounted to trillions of dong annually. For instance, illegally imported goods alone were valued at 1 trillion dong in 1989 and at 3 trillion dong in 1991 (triple the 1989 amount). On the average, the value of contraband goods equals approximately 15 to 20 percent of the total value of social goods sold at retail. During the first six months of 1992, illegally imported goods were valued at about 2 trillion dong. Many kinds of goods were smuggled in in large quantities such as foreign cigarettes, which were estimated at up to 200 to 230 million packs of various brands. In July, on certain days up to 20,000 bottles of beer, thousand of thermos bottles, and tens of thousands of meters of cloth were brought into Hanoi by train.... If the value of illegally exported goods had been added, the total value of contraband would have been higher still.

Smuggling activities in our country have created the following main contraband routes and channels:

- Vietnam-Cambodia. Contraband is shipped by land, air, or waterways; and through the transportation of goods in transit. This route accounts for approximately 60 to 70 percent of the illegally imported goods in the South.

—**Vietnam-Laos.** Smuggling is mainly overland and by taking advantage of the transportation of goods in transit.

—**Vietnam-China.** Land or sea routes are used.

In addition, smuggling has also been done via international maritime shipping lines and air routes. In the South, illegally imported goods consist mainly of foreign cigarettes, electronics, motorcycles, automobiles, ready-made clothes.... In the North, they consist of Chinese beer, knitwear, some small means of production.... Illegally exported goods are mainly composed of nonferrous metals, precious stones, antiques, some kinds of raw materials, and agricultural products. Illegal imports, especially of consumer goods, accounts for a large proportion of smuggling activities.

Taking part in smuggling is a medley of people: professional contrabandists and people who abuse the name of the state, shelter under its shadow, and use its power and means to carry out smuggling. In addition, there are also people who take advantage of opportunities such as being sent abroad for study, conferences, and work, and who capitalize on legal loopholes to engage in contraband....

Our state has applied numerous administrative measures and has used various forces to conduct severe suppression. However, smuggling has only subsided temporarily, only to resume later on a larger scale and with greater intensity. What is worth pondering is the fact that in some places, smuggling has become a prevalent activity, attracting the participation of large numbers of working people. The report by the agency in charge pointed out: "At Giang Ket (an area formerly subordinate to Long An Province), 103 of the local 189 households took part in transporting and trading foreign cigarettes." At times, "in Long An, smugglers enticed nearly 100 people to attack control forces to wrest back their goods" (quote from a report by the Central Commission for Market Management). The state has expended energy and resources, and has even shed blood to suppress smuggling, but results have not been good. According to some estimates, the amounts of smuggled goods seized and dealt with accounted for only about 10 to 15 percent of all contraband. Could it be true that the various kinds of "medicines" used recently have only succeeded in eliminating the symptoms and not the cause of the trouble, thus leaving the disease uncured? [passage omitted]

Society influences demand daily by encouraging the use of foreign goods. Advertisements point out that a product is made with imported raw materials, it is comparable to foreign goods in quality.... There is a social psychology of fondness for foreign goods that has been shaping up for many years. The population's standards are higher than the domestic production standard..., thereby creating a constant tendency to increase the demand for foreign goods.

Concerning supply, the domestic consumer goods production capacity has become even more limited. The monopolistic factors in production and business have not been abolished. The list of restricted-import goods remains extensive while in the markets around us the prices of goods are low and banned goods are fewer in number. This has created a very strong incentive to increase supply to the Vietnamese market. The Vietnamese market is also serving as an intermediary market relaying large quantities of goods to East Europe, the former republics of the Soviet Union....

The more prohibitive measures and the higher taxes the state imposes, the more it helps this illegal activity to make excessive profits and the more it promotes smuggling. The illegal importation of foreign cigarettes is a typical example of the effects of confiscating contraband and imposing high taxes.

The antismuggling forces are managed by several centers and equipped with backward means while the area of smuggling activities is vast. Moreover, we have not yet created conditions for an effective use of the financial results already achieved to provide more equipment for and improve the quality of antismuggling activities. On the other hand, the state authorizes the use of an average of 30 percent of the value of confiscated goods as rewards, but since the prices applied in the compulsory purchases of these goods are set too low, such rewards have failed to spur the antismuggling forces.

Administrative punitive measures themselves have created loopholes that have stimulated illegal imports. For example, the measures to deal with "mistakenly imported goods" have created loopholes that facilitate the legalization of illegally imported goods.... Legal action taken against smuggling has been too slow and too little. According to the agency in charge, the number of cases of smuggling uncovered and subjected to administrative punitive measures account for approximately eight to 10 percent of the total. The cases subjected to criminal action equal only about one percent of arrests.

Smuggling, first of all, is an economic phenomenon, excessive profits being its moving force. Therefore, to effectively suppress it, we must use measures that eliminate that economic basis.

Our list of banned goods or goods subject to conditional trading is more extensive than that of our neighbors. This is an objective condition conducive to excessive profits. Therefore, it is necessary to consider shortening the list of banned goods or goods subject to conditional trading to suit the activities of the regional and world markets.

Excessive profits in the illegal importation of goods are a result of the current fairly high Vietnamese taxes compared to the combined profits in business. Tax collection is not strict and the collectors are thinly spread. Thus, the more taxes a person can evade, the more profits he will make and the more competitive his prices will be. For example, before the import of foreign cigarettes was

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prohibited, localities collected 1,000 to 1,500 dong in tax per pack, with an annual revenue of about 350 to 400 billion dong. After the ban, only about 10 percent of the illegally imported cigarettes were seized, and the revenue sharply dropped. This is to say nothing of the fact that a not so small amount must have been expended to confiscate these cigarettes. Thus, is it not true that levying higher taxes is a more effective way to combat smuggling?

In our opinion, when using taxes and suppressing smuggling, we should recognize that not all foreign goods imported into Vietnam are intended for consumption, because our country also serves as a relay center for many other markets. Smuggling activities have, to a certain extent, stimulated illegal exports to pay for illegal imports. To effectively resolve the smuggling problem, after a rational list of banned goods or goods subject to conditional trading is determined, we suggest that free circulation of other goods be allowed, lower tax rates applied, and businesses encouraged to pay taxes in full, thereby creating a basis for full tax collection and increasing revenue. The lower-tax measure should be closely linked to a stiffening of penalties for tax evasion by businesses. Only in this way can we provide incentives for tax payers and curb tax evasion.

Along with these measures, we should strengthen and train tax cadres and equip them with all necessary knowledge. We should focus our attention on irrational measures applied to reduce demand for foreign goods. We should adjust other regulatory levers to establish average profit rates in the commodity trade, thereby reducing the incentives to import goods illegally. We should allow antismuggling forces to use the fruits of their efforts to acquire necessary equipment, thus making themselves sufficiently strong to meet the requirements of smuggling control and suppression.  
[passage omitted]

## SOCIAL

**Better Life for War Invalids, Families of Dead**  
922E0209A Hanoi NHAN DAN in Vietnamese  
28 Jul 92 pp 1, 3

[Article by Do Muoi, general secretary of the CPV [Communist Party of Vietnam] Central Committee: "Let Us Make the Living of War Invalids and Families of Dead Heroes Materially Stable and Spiritually Happy"]

[Text] Editor's note: On the occasion of the celebration of the 45th Annual Day of War Invalids and Dead Heroes (27 July 1947-27 July 1992), Do Muoi, general secretary of the CPV [Communist Party of Vietnam] Central Committee, wrote an article for the special magazine of the Ministry of Labor, War Invalids, and Social Welfare. We have the pleasure to bring you this article as follows.

Our party, state, and people are forever grateful to our dead heroes, war invalids, and their families for the contributions and great sacrifices—their lives, energy, losses, and pain—that they have given to the struggle for the fatherland's independence and freedom and for the building of socialism.

In leading the revolution, our party and state have always respected and have adopted appropriate lines, positions, and policies in favor of war invalids, sick soldiers, families of dead heroes, and those persons who had done a lot for the revolution.

In the national democratic revolution, our party had been combining economic and social policies; bringing land to farmers; implementing the Army's rear-area policies calling for taking good care of war invalids, sick soldiers, families of dead heroes, and families of persons having done a lot for the revolution; and thus creating strong motives for moving the war of resistance toward victory.

In the socialist revolution, the party and state on the one hand implemented policies granting special land, traveling, learning, and disease treatment benefits to war invalids, sick soldiers, and families of dead heroes, and on the other hand established systems of regular and unexpected allowances, orthopedic and rehabilitation centers, and nursing homes to care for them. At the same time, our party, state, and Army have been leading the creation of widespread mass movements to take care of war invalids, sick soldiers, families of dead heroes, and persons having done a lot for the revolution. The state and people have taken seriously the task of putting together and building dead heroes' tombs, and building and repairing dead heroes' cemeteries, tombstones, and memorials.

Having appreciated the care provided by all our party and people, our war invalids and sick soldiers have been making efforts to overcome very many difficulties, constantly struggling to live up to Uncle Ho's advice to the effect that they were "infirm but not totally useless," and setting many good examples in regard to wanting to learn and to move forward; quite a few of them have become outstanding in their newly-acquired skills and have made very precious contributions to society. The cooperation and unanimity among the party, the state, mass organizations, and these policy beneficiaries have helped to stabilize the sociopolitical situation in our country.

Besides the above-mentioned results, there still exist weaknesses in the care for war invalids, families of dead heroes, and persons having done a lot for the revolution. Some policies have not been revised and improved quickly enough to conform to the country's new situation. The all-people movement to implement the policies for war invalids and families of dead heroes is not uniform in different localities. The living standard of some families among these policy beneficiaries is still lower than that of the people living in the same locality. Some remaining problems in connection with the work

for these beneficiaries have not yet been resolved in a clear-cut manner. This situation requires that we arrive at basic solutions to allow a proper implementation of the policies for war invalids and families of dead heroes.

Being true to the national traditions of loyalty, kindness, and gratitude, our party has affirmed the following: "To be concerned about caring for war invalids, sick soldiers, and families of dead heroes and persons having done a lot for the revolution is the responsibility of both the state and the people as a whole, with efforts to be made to adopt early a system by which the people will set up and contribute to gratitude-expressing funds" (resolution of the seventh party congress).

We must harmoniously combine economic and political policies in our efforts to express gratitude, as well as to create favorable conditions and the proper environment for war invalids, sick soldiers, and persons having done a lot for the revolution to take part in economic and social activities.

The goal that we must strive to achieve by 1995 is to ensure the same or higher average standard of living for the policy beneficiaries compared to the people living in the same villages and subwards, and at the same time to improve their cultural and spiritual living standard. As an immediate goal, we must in 1992 seek a solution to make sure that the actual income of those people who regularly receive allowances from the state budget will not drop below the income level of 1991, and provide a number of key beneficiaries with additional allowances.

The principal guidelines and tasks set for this work require that we make people thoroughly understand and carry out the resolutions of the Seventh Party Congress and CPV Central Committee; provide leadership so as to allow people to properly implement the state directives on the work involving war invalids and families of dead heroes; and issue early regulations on caring for people deserving our care. As an immediate job to do, we must select the right priority beneficiaries so as to continue raising the regular and unexpected allowances that they get in conformity with state budgetary capabilities, and basically finish the task of putting all dead heroes' tombs together and building and repairing cemeteries for dead heroes. We must revise and improve the economic policies concerned in order to set up priorities in connection with the objectives of such policies (namely, taxes, credit, land, learning, disease treatment, traveling, and so on) and make another step toward resolving the remaining problems in our work involving war invalids and families of dead heroes.

To implement the policies on taking care of people deserving our care directly affects the living of tens of millions of people and has a great deal to do with maintaining the sociopolitical stability needed for successfully carrying out the renovating task. All party committee echelons must therefore strengthen their leadership over this work by keeping ready a group of cadres of high quality capable of carrying out their task; they must motivate and develop the combined strength of all sectors, echelons, mass organizations, social organizations, and the people as a whole to urge them to contribute energy and resources to caring for war invalids, families of dead heroes, and persons having done a lot for the revolution.

The state must act early to revise and improve economic and social policies, and to incorporate into its plans and budget the part that ensures the material benefits commensurate with the task of caring for those beneficiaries.

The people throughout the country must continue to maintain and expand the movement to set up gratitude-expressing funds; volunteer to take the seriously handicapped war invalids into their homes; build gratitude-expressing houses; set up thrift-promoting golden registers; and start the movement to become foster parents of children of dead heroes, to support lonely parents of dead heroes, and so on.

The labor, war invalids, and social welfare sector must strengthen the state management functions; expand professional activities having to do with labor, war invalids, and social welfare; regularly maintain close contact with beneficiaries; and review its realistic experience so as to recommend to the party and state practical solutions for its work.

These combined solutions will motivate our war invalids, sick soldiers, and families of dead heroes and persons having done a lot for the revolution, and encourage them to further display their proud traditions and to take part in activities for their own good and for the common interests of society.

To realistically mark the 45th Annual Day of War Invalids and Dead Heroes, all our party, people, Army, and war invalids and families of dead heroes and persons having done a lot for the revolution throughout the country should strengthen their solidarity and strive to carry out properly beloved Uncle Ho's directive, "Let us make the living of war invalids and families of dead heroes materially stable and spiritually happy, and let us make them continue to work as useful members of society."

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**6 Nov 1992**